



Bluefield State
C O L L E G E

BOARD OF GOVERNORS

February 16, 2017

Conley Hall, Room 201, Boyd Conference Room

Meeting @ 6:30 p.m.

To Join By Conference Call:

Access Number: (866) 453-5550

Participant Code: 2975811#

**BOARD OF GOVERNORS
BLUEFIELD STATE COLLEGE
February 16, 2017**

Conley Hall, Room 201, Boyd Conference Room

AGENDA

- | | |
|---|-----------------------|
| 1. Welcome and Call to Order – Chairman Robert E. Perkinson, Jr. | 6:30 p.m. |
| 2. Public Comment Period | 6:30 p.m. – 7:00 p.m. |
| 3. Recognition of BSC Golf Team – Chairman Robert E. Perkinson, Jr. | 7:00 p.m. – 7:05 p.m. |

Special Report

- | | |
|--|-----------------------|
| 4. Auditors Report for FY 2016 – Ms. Shelia Johnson with Auditing Team | 7:05 p.m. – 7:30 p.m. |
|--|-----------------------|

Leadership Remarks

- | | |
|--|-----------------------|
| 5. Chair’s Remarks – Chairman Robert E. Perkinson, Jr. | 7:30 p.m. – 7:40 p.m. |
| 6. President’s Report – Dr. Marsha Krotseng | 7:40 p.m. – 7:50 p.m. |

College Focus

- | | |
|---|-----------------------|
| 7. Title IX Reporting Procedures – Dr. Guy Sims | 7:50 p.m. – 8:10 p.m. |
|---|-----------------------|

Current Operations

- | | |
|---|-----------------------|
| 8. *Approval of Minutes of December 8, 2016 Meeting | 8:10 p.m. – 8:15 p.m. |
| 9. Financial Report and Update – Ms. Shelia Johnson | 8:15 p.m. – 8:30 p.m. |
| 10. *Approval of Giving Levels for Naming Opportunities – Ms. Betty Carroll | 8:30 p.m. – 8:40 p.m. |
| 11. *Approval of Metro Rate Expansion – Dr. Jo-Ann Robinson | 8:40 p.m. – 8:50 p.m. |

Strategic Issues: Getting to the Vision

- | | |
|---|-----------------------|
| 12. Progress Toward Strategic Plan – Dr. Tracey Anderson | 8:50 p.m. – 8:55 p.m. |
| 13. Recruitment and Retention Update – Dr. Jo-Ann Robinson and Dr. Angela Lambert | 8:55 p.m. – 9:05 p.m. |
| 14. Possible Executive Session Under the Authority of WV Code § 6-9A4(b)(2)(A) to consider “matters arising from the appointment, employment...of a public officer or employee” | 9:05 p.m. – 9:15 p.m. |
| 15. Adjournment | 9:15 p.m. |

- Next Meeting Date: March 16, 2017

BLUEFIELD STATE COLLEGE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

**BLUEFIELD STATE COLLEGE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	3
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	13
STATEMENTS OF CASH FLOWS	14
COMPONENT UNIT - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - FOUNDATION	15
COMPONENT UNIT - STATEMENTS OF ACTIVITIES - FOUNDATION - JUNE 30, 2016	16
COMPONENT UNIT - STATEMENTS OF ACTIVITIES - FOUNDATION - JUNE 30, 2015	17
COMPONENT UNIT - STATEMENTS OF FINANCIAL POSITION - RESEARCH AND DEVELOPMENT CORPORATION	18
COMPONENT UNIT - STATEMENTS OF ACTIVITIES - RESEARCH AND DEVELOPMENT CORPORATION	19
NOTES TO FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF PROPORTIONATE SHARE OF NET – PENSION LIABILITY AND CONTRIBUTIONS	70
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	71



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Governors
Bluefield State College
Bluefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Bluefield State College (the "College"), a component unit of the West Virginia Higher Education Fund as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the discretely presented component unit of Bluefield State College Foundation, Inc. (a component unit of the College) or Bluefield State College Research and Development Corporation (a component unit of the College) for the years ended June 30, 2016 and 2015, which represent 100% of the total assets, total net assets and total revenues of the component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bluefield State College Foundation, Inc., and Bluefield State College Research and Development Corporation is based solely on the reports 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. The financial statements of the Bluefield State College Foundation, Inc. and Bluefield State College Research and Development Corporation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the 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 aggregate discretely presented component units of the College as of June 30, 2016 and 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 31, 2017

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

Our discussion and analysis of Bluefield State College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2016, 2015, and 2014. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's basic financial statements on pages 12 to 19 and the notes to financial statements on pages 20 to 69.

During the fiscal year 2003, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and an amendment to GASB Statement No. 14. As a result, the audited financial statements of the Bluefield State College Foundation, Incorporated (the Foundation) are presented here with the College's financial statements for the fiscal years ended June 30, 2016 and 2015. For the years ended June 30, 2016 and 2015, the College determined that the Bluefield State College Research and Development Corporation (the Corporation) resources were significant and required presentation in accordance with the GASB statements. The Foundation and the Corporation are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Complete financial statements of the Foundation can be obtained from the Treasurer of the Bluefield State College Foundation at 1629 College Drive, Bluefield, West Virginia 24701. Complete financial statements of the Corporation can be obtained from the Bluefield State College Research and Development Corporation at 219 Rock Street, Bluefield, West Virginia 24701.

Financial Highlights from Bluefield State College

The following are brief summaries for the College:

- The College's assets and deferred outflows of resources exceeded its liabilities at the end of fiscal year 2016 by approximately \$10.5 million, compared to approximately \$13 million and \$16 million in 2015 and 2014, respectively.
- The other postemployment benefits (OPEB) liability at fiscal year-end 2016 was approximately \$5.9 million, all recorded as unrestricted.
- The net pension liability that was added for the first time in FY 2015 for GASB 68 increased approx. \$0.02 million in FY 2016 to reflect the College's portion of the increase in the Teacher's Retirement System liability (See Notes 2 and 11).

Overview of the Financial Statements

The College has implemented GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* beginning with fiscal year 2003. GASB No. 35 requires the College to present financial information as a whole rather than focusing on individual funds. Two major changes were the recording of depreciation for capital assets and reclassifying certain loan program equity balances as liabilities. In addition, federal and state loan and grant programs are no longer reported as revenues and expenses in the financial statements since the transactions are directly with the student receiving the loan or grant.

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

This report consists of management's discussion and analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows.

The statement of net position presents the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position can be an indicator of improvement or deterioration of the College's financial position.

Changes in net position during the year are reported in the statement of revenues, expenses and changes in net position. All revenues, expenses, and changes are reported as the underlying event occurs that results in the revenue, expense, or change. The statement of cash flows presents information on actual cash inflows or outflows as they occur.

Financial Analysis of the College

Of the College's net position of approximately \$10.5 million, \$17.0 million represents its net investment in capital assets of land, land improvements, buildings, equipment and library books. These capital assets are utilized to provide educational and related services to students and the communities and are not available for future spending. Unrestricted net position is available to meet the College's obligations. The unrestricted net position decreased to a further deficit of approximately (\$7.2) million. There is approximately \$5.9 million of unrestricted assets related to OPEB liability. The State of West Virginia has adopted a plan for elimination of the OPEB liability by 2035 for all state agencies. The unrestricted cash represents the amount not restricted via plant operations, auxiliaries, grant and loan funds, and state code restrictions.

The College's net position from 2016 and 2015 decreased by approximately \$2.5 million with cash decreasing by approximately \$0.9 million and net capital assets decreasing by approximately \$1.2 million.

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

**Condensed Statements of Net Position
June 30, 2016, 2015 and 2014
(in millions)**

	2016	2015	2014
Cash	\$ 1.0	\$ 2.0	\$ 3.7
Other Current Assets	1.0	1.1	1.2
Total Current Assets	<u>2.0</u>	<u>3.1</u>	<u>4.9</u>
Capital Assets	17.2	18.3	19.2
Other Noncurrent Assets	0.6	0.6	0.6
Total Noncurrent Assets	<u>17.8</u>	<u>18.9</u>	<u>19.8</u>
Total Assets	<u>19.8</u>	<u>22.0</u>	<u>24.7</u>
Deferred Outflows of Resources	0.1	0.1	-
Total	<u>\$ 19.9</u>	<u>\$ 22.1</u>	<u>\$ 24.7</u>
Current Liabilities	\$ 2.2	\$ 2.2	\$ 2.4
Noncurrent Liabilities	7.0	6.7	5.9
Total Liabilities	<u>9.2</u>	<u>8.9</u>	<u>8.3</u>
Deferred Inflows of Resources	0.2	0.2	-
Net Position:			
Net Investment in Capital Assets	17.0	18.1	18.8
Restricted	0.6	0.7	1.0
Unrestricted (Deficit)	<u>(7.1)</u>	<u>(5.8)</u>	<u>(3.4)</u>
Total Net Position	<u>10.5</u>	<u>13.0</u>	<u>16.4</u>
Total	<u>\$ 19.9</u>	<u>\$ 22.1</u>	<u>\$ 24.7</u>

For the year ended June 30, 2016 there was a decrease of approximately \$2.5 million in net position. The OPEB liability as of June 30, 2016 was approximately \$5.9 million compared to the approximately \$5.6 million at June 30, 2015. Total assets and deferred outflows of resources decreased by \$2.2 million with cash decreasing by approximately \$0.9 million. Total liabilities and deferred inflows of resources increased approximately \$0.2 million mainly due to an increase of the new net pension liability as a result of adoption of GASB 68 in 2015 of approx. \$0.02 million and increase in the OPEB liability of approximately \$0.3 million.

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

The following table summarizes the operating results and nonoperating revenue for the past three fiscal years.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2016, 2015 and 2014
(in millions)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues:			
Tuition and Fees	\$ 4.1	\$ 4.2	\$ 4.3
Contracts and Grants	4.9	5.1	5.4
Auxiliary	0.7	0.8	1.0
Other	0.2	0.1	0.1
	<u>9.9</u>	<u>10.2</u>	<u>10.8</u>
Less: Operating Expenses	<u>22.0</u>	<u>22.8</u>	<u>23.4</u>
Operating Loss	(12.1)	(12.6)	(12.6)
Nonoperating Revenues (Expenses):			
State Appropriations	5.6	5.9	6.0
Federal Pell Grants	4.0	4.0	4.4
Net Nonoperating Revenue	<u>9.6</u>	<u>9.9</u>	<u>10.4</u>
Loss Before Other Revenues, Expenses, Gains and Losses	<u>(2.5)</u>	<u>(2.7)</u>	<u>(2.2)</u>
Capital Proceeds from the Commission	-	0.1	0.2
Capital Bond Proceeds from the State	<u>-</u>	<u>-</u>	<u>1.8</u>
Total Change in Net Position	<u>\$ (2.5)</u>	<u>\$ (2.6)</u>	<u>\$ (0.2)</u>

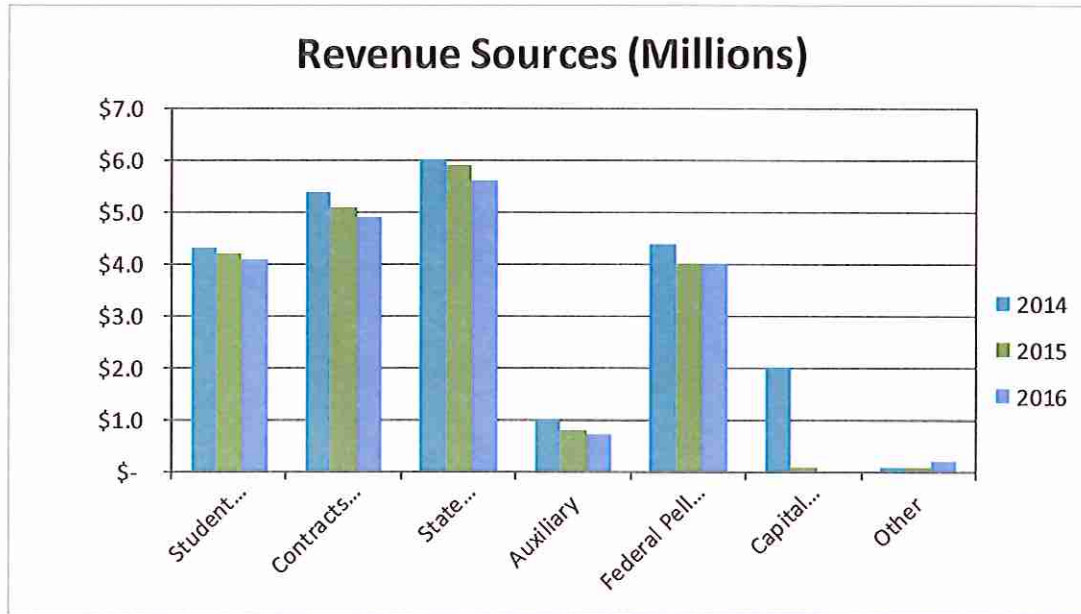
Gross tuition and fees decreased to \$4.1 in 2016 from approximately \$4.2 million in 2015. The scholarship allowance decreased from approximately \$5.5 million in 2015 to approximately \$5.4 million in 2016 as a result of a decrease in enrollment.

Total operating expenses decreased \$0.8 million from approximately \$22.8 million in 2015 to \$22.0 million in 2016.

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

**Revenue Sources
Years Ended June 30, 2016, 2015, and 2014
(in millions)**

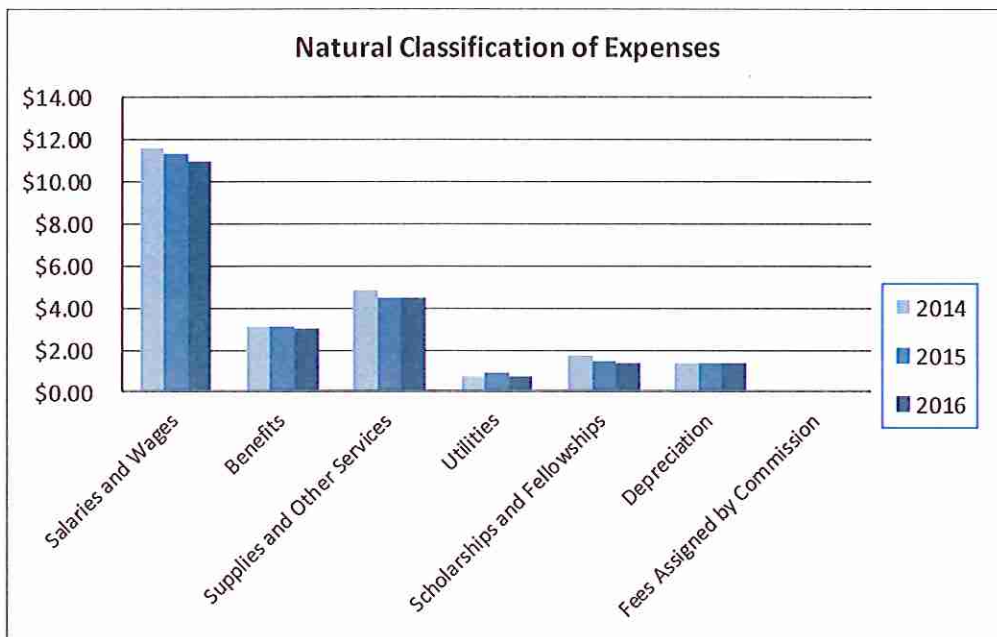
	2016	2015	2014
Student Tuition and Fees	\$ 4.1	\$ 4.2	\$ 4.3
Contracts and Grants	4.9	5.1	5.4
State Appropriations	5.6	5.9	6.0
Auxiliary	0.7	0.8	1.0
Federal Pell Grants	4.0	4.0	4.4
Capital Projects and Bond Proceeds	-	0.1	2.0
Other	0.2	0.1	0.1
Total Revenue Sources	\$ 19.5	\$ 20.2	\$ 23.2



**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

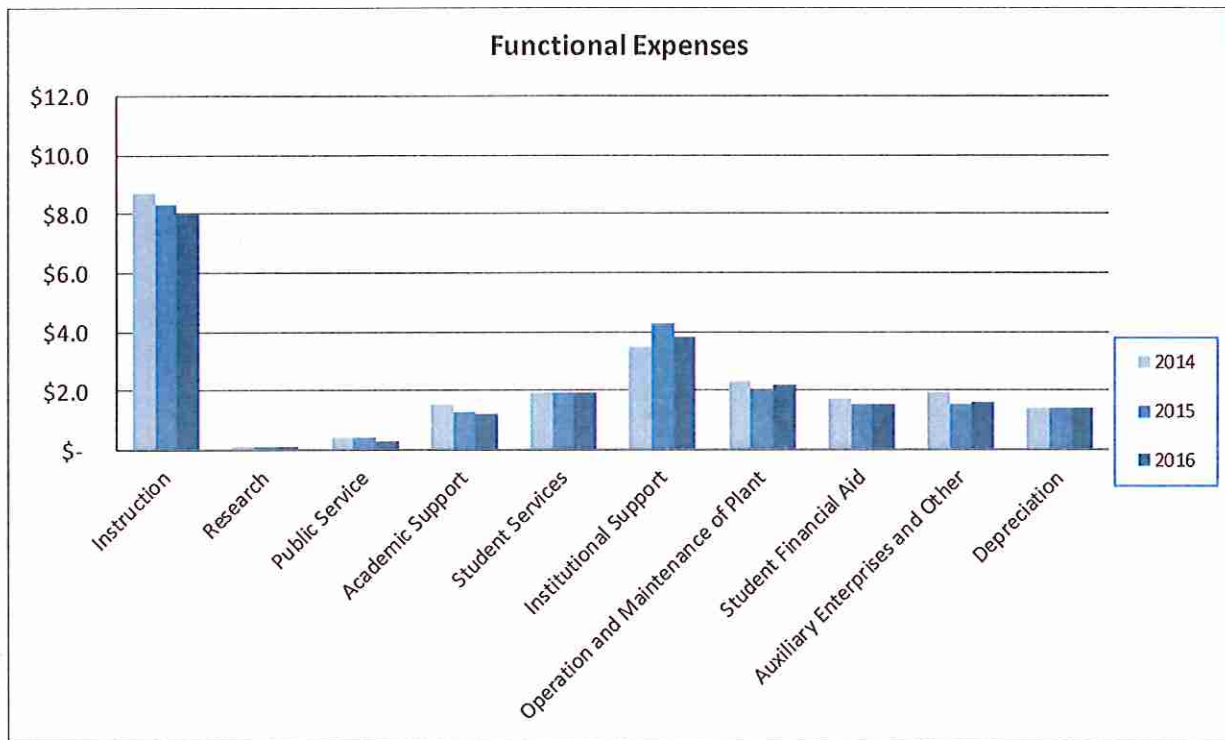
**Operating Expenses
Years Ended June 30, 2016, 2015 and 2014
(in millions)**

Natural Classification	2016	2015	2014
Salaries and Wages	\$ 10.9	\$ 11.3	\$ 11.6
Benefits	3.0	3.1	3.1
Supplies and Other Services	4.5	4.5	4.8
Utilities	0.7	0.9	0.7
Scholarships and Fellowships	1.4	1.5	1.7
Depreciation	1.4	1.4	1.4
Fees Assigned by Commission	0.1	0.1	0.1
	<u>\$ 22.0</u>	<u>\$ 22.8</u>	<u>\$ 23.4</u>



**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

Functional Classification	2016	2015	2014
Instruction	\$ 8.0	\$ 8.3	\$ 8.7
Research	0.1	0.1	0.1
Public Service	0.3	0.4	0.4
Academic Support	1.2	1.3	1.5
Student Services	1.9	1.9	1.9
Institutional Support	3.8	4.3	3.5
Operation and Maintenance of Plant	2.2	2.0	2.3
Student Financial Aid	1.5	1.5	1.7
Auxiliary Enterprises and Other	1.6	1.5	1.9
Depreciation	1.4	1.4	1.4
	<u>\$ 22.0</u>	<u>\$ 22.8</u>	<u>\$ 23.4</u>



**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

The statement of cash flows presents detailed information about the cash activities of Bluefield State College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities, and purchases and sales of investments. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the statement of revenues, expenses and changes in net position. Cash and cash equivalents decreased by approximately \$0.9 million for the year ended June 30, 2016.

**Condensed Statements of Cash Flows
Years Ended June 30, 2016, 2015 and 2014
(in millions)**

	2016	2015	2014
Cash Provided by (Used in):			
Operating Activities	\$ (10.1)	\$ (10.9)	\$ (10.7)
Non Capital Financing Activities	9.5	9.8	10.4
Capital Financing Activities	(0.3)	(0.6)	(2.2)
Investing Activities	-	-	-
Increase (Decrease) in Cash and Cash Equivalents	(0.9)	(1.7)	(2.5)
Cash and Cash Equivalents - Beginning of Year	2.0	3.7	6.2
Cash and Cash Equivalents - End of Year	<u>\$ 1.1</u>	<u>\$ 2.0</u>	<u>\$ 3.7</u>

Capital Asset and Debt Administration

The debt service obligation payable to the Commission for the College for the years ended June 30, 2016, 2015, and 2014 was approximately \$184 thousand, \$260 thousand, and \$368 thousand, respectively. The College entered into a loan agreement with the Commission during fiscal year 2011 to fund capital projects. The outstanding balance on the loan at June 30, 2016 was approximately \$184 thousand.

The following is a brief summary of capital asset activity for the College as a whole:

- Construction in progress (CIP) additions of \$0.1 were transferred to building.
- There was \$0.1 million in purchases towards buildings in fiscal year 2016. There were no disposals of land or buildings during fiscal year 2016. Student Housing/Parking Plaza in early stages.
- Equipment purchases totaled \$0.2 million and disposals of equipment during the year were \$0.2.
- Library book purchases were \$0.008 million.
- Depreciation expense was \$1.4 million.

Readers interested in more detailed information regarding capital assets and debt administration should review the accompanying Notes 7 and 8 to the financial statements.

**BLUEFIELD STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015**

Economic Outlook

The College's overall financial position is stable. The College's enrollment has declined slightly in 2016, and the large lab upgrade on campus has enhanced the learning environment and conditions.

With the national economy continuing to be challenging, the College continues to be mindful of our students, keeping tuition at the level lowest in the State for baccalaureate institutions, and competitive with nearby Virginia counties. The "Other Postemployment Benefit" liability also will continue to be a challenge for a few years until the liability is fully funded. We are very appreciative for the State of West Virginia addressing this issue.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of Bluefield State College's finances. Questions concerning any of the information provided in this report should be addressed to the Vice President of Financial and Administrative Affairs at Bluefield State College, 219 Rock Street, Bluefield, West Virginia 24701.

**BLUEFIELD STATE COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,076,133	\$ 2,007,958
Accounts Receivable, Net of Allowance of \$1,099,016 and \$884,813, Respectively	672,102	835,819
Loans Receivable, Current Portion	-	3,181
Prepaid Expenses	3,090	8,792
Due from the Commission	10,291	10,100
Inventories	191,963	301,576
Total Current Assets	1,953,579	3,167,426
NONCURRENT ASSETS		
Cash and Cash Equivalents - Restricted	143,816	142,901
Investments	450,986	453,891
Loans Receivable, Net of Allowance of \$116,512 and \$116,512, Respectively	36,607	33,972
Capital Assets, Net of Accumulated Depreciation	17,176,741	18,329,104
Total Noncurrent Assets	17,808,150	18,959,868
Total Assets	19,761,729	22,127,294
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows TRS Plan	120,659	74,335
Total Assets and Deferred Outflows of Resources	\$ 19,882,388	\$ 22,201,629
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 664,262	\$ 403,693
Due to the Commission	1,345	-
Accrued Liabilities	1,104,090	1,269,096
Unearned Revenue	111,024	118,764
Compensated Absences, Current Portion	364,705	439,798
Debt Service Obligation Payable to the Commission, Current Portion	41,000	75,000
Total Current Liabilities	2,286,426	2,306,351
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	94,575	94,251
Compensated Absences	247,970	291,321
Other Post Employment Benefits Liability	5,901,294	5,573,023
Net Pension Liability	571,039	551,643
Debt Service Obligation Payable to the Commission, Net of Current Liabilities	143,500	184,500
Total Noncurrent Liabilities	6,958,378	6,694,738
Total Liabilities	9,244,804	9,001,089
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows TRS Plan	178,129	228,484
Total Liabilities and Deferred Inflows of Resources	9,422,933	9,229,573
NET POSITION		
Net Investment in Capital Assets	16,992,241	18,069,604
Restricted for:		
Nonexpendable Endowment	492,486	495,391
Expendable Scholarships	74,132	145,781
Expendable Loans	85,849	85,802
Expendable Grants	(17,904)	19,524
Unrestricted (Deficit)	(7,167,349)	(5,844,046)
Total Net Position	10,459,455	12,972,056
Total Liabilities, Deferred Inflows, and Net Position	\$ 19,882,388	\$ 22,201,629

See accompanying Notes to Financial Statements.

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

	2016	2015
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance of \$5,441,710 and \$5,461,276, Respectively)	\$ 4,132,749	\$ 4,230,263
Contracts and Grants:		
Federal	2,704,768	2,807,128
State	1,817,005	1,768,441
Private	368,290	490,246
Interest on Student Loans Receivable	495	34
Sales and Services of Educational Activities	106,604	49,408
Auxiliary Enterprise Revenue (Net of Scholarship Allowance of \$260,598 and \$246,579, Respectively)	735,381	787,476
Miscellaneous - Net	70,188	56,416
Total Operating Revenues	9,935,480	10,189,412
OPERATING EXPENSES		
Salaries and Wages	10,857,019	11,311,695
Benefits	2,984,609	3,124,471
Supplies and Other Services	4,554,466	4,511,932
Utilities	704,691	810,758
Student Financial Aid - Scholarships and Fellowships	1,487,467	1,529,040
Depreciation	1,427,649	1,383,549
Assessments by the Commission for Operations	69,802	78,068
Total Operating Expenses	22,085,703	22,749,513
OPERATING LOSS	(12,150,223)	(12,560,101)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	5,582,514	5,856,558
Federal Pell Grants	3,952,818	3,972,920
Investment Income	11,620	20,016
Payments on Behalf of the College	92,462	73,637
Assessments by the Commission for Debt Service	(1,792)	(1,792)
Loss on Disposal of Capital Assets	-	(36,451)
Net Nonoperating Revenues	9,637,622	9,884,888
DECREASE IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(2,512,601)	(2,675,213)
CAPITAL PROCEEDS FROM COMMISSION	-	62,500
DECREASE IN NET POSITION	(2,512,601)	(2,612,713)
NET POSITION - BEGINNING OF YEAR	12,972,056	16,366,587
RESTATEMENT FOR JULY 1, 2014, PENSION LIABILITY	-	(781,818)
NET POSITION, BEGINNING OF YEAR, RESTATED	12,972,056	15,584,769
NET POSITION - END OF YEAR	\$ 10,459,455	\$ 12,972,056

See accompanying Notes to Financial Statements.

**BLUEFIELD STATE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 4,190,600	\$ 4,092,292
Contracts and Grants	5,372,384	4,956,391
Payments to and on Behalf of Employees	(13,752,129)	(14,019,595)
Payments to Suppliers	(4,463,338)	(4,758,623)
Payments to Utilities	(810,398)	(726,753)
Payments for Scholarships and Fellowships	(1,487,467)	(1,529,040)
Collections of Loans to Students	546	3,041
Sales and Service of Educational Activities	107,314	88,655
Auxiliary Enterprise Charges	713,108	792,668
Fees Assessed by Commission	(69,802)	(78,068)
Other Receipts, Net	70,492	244,231
Net Cash Used in Operating Activities	(10,128,690)	(10,934,801)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	5,582,514	5,856,558
Federal Pell Grants	3,952,818	3,972,920
Direct Lending Receipts	6,295,551	6,674,690
Direct Lending Payments	(6,295,551)	(6,674,690)
Net Cash Provided by Noncapital Financing Activities	9,535,332	9,829,478
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(275,286)	(577,038)
Proceeds from Commission	-	62,500
Payments to Commission for Debt Service	(1,792)	(1,792)
Payments to Commission for Loan	(75,000)	(109,000)
Withdrawals from Noncurrent Cash and Cash Equivalents	(915)	(459)
Net Cash Used in Capital Financing Activities	(352,993)	(625,789)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	20,746	24,483
Purchase of Investments	(10,517)	(155,671)
Net Cash Provided by Investing Activities	14,526	10,818
DECREASE IN CASH AND CASH EQUIVALENTS	(931,825)	(1,720,294)
Cash and Cash Equivalents - Beginning of Year	2,007,958	3,728,252
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,076,133	\$ 2,007,958
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	\$ (12,150,223)	\$ (12,560,101)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,427,649	1,383,549
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivables, Net	163,526	78,374
Loans to Students, Net	546	3,041
Prepaid Expenses	5,702	(4,300)
Inventories	109,613	(11,622)
Accounts Payable	260,569	(480,960)
Accrued Liabilities	(165,006)	245,973
Compensated Absences	(118,444)	12,407
Other Postemployment Benefits	328,271	282,952
Unearned Revenue	(7,740)	(13,809)
Advances from Federal Sponsors	324	(2,255)
Defined Benefit Pension Plan	15,178	(2,389)
Due to the Commission	1,345	-
Due to New River Community and Technical College	-	134,339
Net Cash Used in Operating Activities	\$ (10,128,690)	\$ (10,934,801)
NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	\$ 92,462	\$ 73,637

See accompanying Notes to Financial Statements.

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

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Short-Term Investments	\$ 1,228,994	\$ 1,143,118
Interest Receivable	6,353	6,350
Cash Restricted for Long-Term Investment	195,776	113,901
Investments	10,784,627	10,567,672
Note Receivable	2,000,000	-
Assets Held for Others	31,156	40,963
Other Assets, Net of Allowance	<u>906</u>	<u>2,092</u>
Total Assets	<u>\$ 14,247,812</u>	<u>\$ 11,874,096</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Amounts Held on Behalf of Others	\$ 31,156	\$ 40,963
NET ASSETS		
Unrestricted	11,796,932	9,555,775
Temporarily Restricted	702,361	631,061
Permanently Restricted	<u>1,717,363</u>	<u>1,646,297</u>
Total Net Assets	<u>14,216,656</u>	<u>11,833,133</u>
Total Liabilities and Net Assets	<u>\$ 14,247,812</u>	<u>\$ 11,874,096</u>

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Net Gifts	\$ 4,344	\$ 119,296	\$ 71,066	\$ 194,706
In-kind Contribution	2,000,000	-	-	2,000,000
Interest Income	38,837	3,756	-	42,593
Dividend Income	176,056	37,761	-	213,817
Fundraising Income	11,467	-	-	11,467
Other Income	283	-	-	283
Net Realized and Unrealized Gains (Losses)	479,642	(848)	-	478,794
Net Assets Released from Restrictions	88,665	(88,665)	-	-
	<u>2,799,294</u>	<u>71,300</u>	<u>71,066</u>	<u>2,941,660</u>
EXPENSES AND SUPPORT				
College Support:				
Student Support	123,171	-	-	123,171
Institutional Support	18,348	-	-	18,348
Conferences, Meetings and Travel	7,135	-	-	7,135
Other Expenses	46,931	-	-	46,931
	<u>195,585</u>	<u>-</u>	<u>-</u>	<u>195,585</u>
Donations to BSC R&D	328,794	-	-	328,794
Foundation Fund Raising Expenses	8,683	-	-	8,683
Financial Management Expenses	25,075	-	-	25,075
	<u>558,137</u>	<u>-</u>	<u>-</u>	<u>558,137</u>
CHANGE IN NET ASSETS	2,241,157	71,300	71,066	2,383,523
NET ASSETS				
Beginning	<u>9,555,775</u>	<u>631,061</u>	<u>1,646,297</u>	<u>11,833,133</u>
Ending	<u>\$ 11,796,932</u>	<u>\$ 702,361</u>	<u>\$ 1,717,363</u>	<u>\$ 14,216,656</u>

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016 AND 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Net Gifts	\$ 19,247	\$ 105,582	\$ 137,732	\$ 262,561
Interest Income	30,666	5,241	-	35,907
Dividend Income	160,590	44,532	-	205,122
Fundraising Income	28,991	-	-	28,991
Other Income	381	-	-	381
Net Realized and Unrealized Gains	59,573	6,829	-	66,402
Net Assets Released from Restrictions	199,145	(233,850)	34,705	-
	<u>498,593</u>	<u>(71,666)</u>	<u>172,437</u>	<u>599,364</u>
EXPENSES AND SUPPORT				
College Support:				
Student Support	241,559	-	-	241,559
Institutional Support	79,502	-	-	79,502
Conferences, Meetings and Travel	6,418	-	-	6,418
Other Expenses	27,272	-	-	27,272
	<u>354,751</u>	<u>-</u>	<u>-</u>	<u>354,751</u>
Foundation Fund Raising Expenses	7,978	-	-	7,978
Financial Management Expenses	39,836	-	-	39,836
	<u>402,565</u>	<u>-</u>	<u>-</u>	<u>402,565</u>
CHANGE IN NET ASSETS	96,028	(71,666)	172,437	196,799
NET ASSETS				
Beginning	<u>9,459,747</u>	<u>702,727</u>	<u>1,473,860</u>	<u>11,636,334</u>
Ending	<u>\$ 9,555,775</u>	<u>\$ 631,061</u>	<u>\$ 1,646,297</u>	<u>\$ 11,833,133</u>

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ 39,165
Receivables, Net	94,219	44,609
Assets Held for Others	282,012	220,952
Inventory	5,768	5,758
Total Current Assets	381,999	310,484
Assets of Discontinued Operations, Held for Sale	1,362,903	3,589,663
Property and Equipment, Net	373,089	49,589
Total Assets	\$ 2,117,991	\$ 3,949,736
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 132,629	\$ 116,251
Bank Overdraft	3,067	-
Unearned Revenue	15,389	15,017
Funds Held for Others	282,012	220,952
Total Current Liabilities	433,097	352,220
Liabilities of Discontinued Operations, Held for Sale	1,312,165	1,478,373
Long Term Debt, Less Current Portion	2,000,000	2,000,000
Total Liabilities	3,745,262	3,830,593
Net Assets (Deficit)		
Unrestricted (Deficit)	(1,627,271)	119,143
Total Liabilities and Net Assets (Deficit)	\$ 2,117,991	\$ 3,949,736

See accompanying Notes to Financial Statements.

BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
A COMPONENT UNIT OF BLUEFIELD STATE COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
SUPPORT AND REVENUE		
Rental Income	\$ 69,578	\$ 73,313
Federal, State and Private Contracts and Grants	379,667	257,280
Contributions and Donations	323,500	-
Other Income	42,882	13,579
Total Revenue and Support	815,627	344,172
EXPENSES		
Program Services:		
Federal Programs	341,025	211,040
State Programs	10,081	25
Private and Unrestricted Programs	30,722	9,105
Total Program Expenses	381,828	220,170
Support Services:		
Management and General	161,026	123,741
Total Operating Expenses	542,854	343,911
Change in Net Assets From Continuing Operations	272,773	261
Change in Net Assets From Discontinued Operations	(2,019,187)	(189,687)
DECREASE IN UNRESTRICTED NET ASSETS	(1,746,414)	(189,426)
Beginning Net Assets	119,143	308,569
ENDING NET ASSETS	\$ (1,627,271)	\$ 119,143

See accompanying Notes to Financial Statements.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 ORGANIZATION

Bluefield State College (the College) is governed by the Bluefield 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 under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission) and the West Virginia Higher Education Fund (the Fund). The Commission 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 Bluefield State College Foundation, Incorporated (the Foundation) and Bluefield State College Research and Development Corporation (the Corporation).

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. See Note 13 for additional disclosure.

Although the College benefits from the activities of the Corporation, the Corporation is independent of the College in all respects. The Corporation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The assets of the Corporation are the exclusive property of the Corporation 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 Corporation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Corporation. Any income resulting from the operations of the Corporation is for the benefit of the Corporation and is not distributed to

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 ORGANIZATION (CONTINUED)

the College. Third parties dealing with the College, the Board, and the State (or any agency thereof) should not rely upon the financial statements of the Corporation for any purpose without consideration of all the foregoing conditions and limitations. See Note 14 for additional disclosure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The College is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the State) that are not included in the State's general fund. The College is a separate entity, which along with all State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing), and West Virginia Council for Community and Technical 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 basic criteria 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.

As of July 1, 2003, the College adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14. As a result, the audited financial statements of the Foundation are presented as a discrete component unit with the College's combined financial statements in accordance with GASB. The Foundation is a private nonprofit organization that reports under FASB standards, including the Presentation of Financial Statements for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Foundation's statements of cash flows are not presented.

The Corporation is presented as a discrete component unit with the College's combined financial statements as of and for the years ended June 30, 2016 and 2015 in accordance with GASB. The Corporation is a 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 Corporation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Corporation's statements of cash flows are not presented.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Center for Applied Research and Technology of Bluefield State College and the Bluefield State College Alumni Association are not part of the College reporting entity and are not included in the accompanying financial statements as the College has no ability to designate management, cannot significantly influence operations of the entity and is not accountable for the fiscal matters of the entity under GASB.

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. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net position is classified as follows:

Net Investment in Capital Assets

This represents the College's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent that 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 Net Position, 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 as 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 State Legislature.

Restricted Net Position, Nonexpendable

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

Unrestricted Net Position

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

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at the time of purchase 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 (the BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable.

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

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

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

BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriations Due from Primary Government

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

Allowance for Doubtful Accounts

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

Inventories

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

Noncurrent Cash, Cash Equivalents and Investments

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

Investments

GASB requires the College to record certain investment balances at fair value. The College's investments were on deposit with First Community Bank, Inc. and First Century Bank, Inc. These funds represented the George M. Cruise Endowed Chair of Health Sciences/Nursing and the James H. Shott Endowed Chair of Business, respectively. Funds on deposit are invested in Federal Agency Bonds, money market funds, the underlying securities of which are securities of the U.S. Government, Federated Prime Value Obligation Funds, equity market funds, fixed income securities, and other mutual funds invested in high-quality fixed income securities. These funds are classified as long term due to the restrictions on expenditure. Amounts held for restricted expenditures are available for immediate withdrawal.

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments are made in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as article six-C, chapter forty-four of the West Virginia Code.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is \$5,000. There was no interest capitalized during 2016 or 2015. The accompanying combined financial statements reflect all adjustments required by GASB.

Unearned Revenue

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

Compensated Absences and Other Postemployment Benefits (OPEB)

GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), 601 57th St. SE, Suite 2, Charleston, West Virginia 25304-2345 or <http://www.wvpeia.com>.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEB) (Continued)

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 1 year of single coverage, and 5 years extend health insurance for 1 year of family coverage. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the College. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/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 <https://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 11.)

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. As of June 30, 2016 and 2015, the College had deferred outflows of resources related to pension of \$120,659 and \$74,335, respectively (see Note 11).

Deferred Inflows of Resources

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. As of June 30, 2016, the College had deferred inflows related to pensions of \$178,129 and \$228,484, respectively (see Note 11).

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and medical malpractice liability 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 PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. BrickStreet retains the risk related to the compensation of injured employees under the program.

Classification of Revenues

The College has classified its revenues as either operating or nonoperating 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, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

•Nonoperating Revenues

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

•Other Revenue

Other revenues consist primarily of capital grants and gifts.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Net Position

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

Federal Financial Assistance Programs

The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the College. Direct student loan receivables are not included in the College's statement of net position as the loans are repayable directly to the U.S. Department of Education. In 2016 and 2015, respectively, the College received and disbursed approximately \$6.3 million and \$6.7 million, 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, Supplemental Educational Opportunity Grant and Federal Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2016 and 2015, the College received and disbursed approximately \$4.1 million and \$4.2 million, respectively, under these federal student aid programs.

Scholarship Allowances

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and College 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.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

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

Income Taxes

The College is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

Cash Flows

Any cash and cash equivalents escrowed, restricted for noncurrent assets or in funded reserves have 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.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The College has implemented GASB Statement No. 72, Fair Value Measurement and Application, effective for fiscal years beginning after June 15, 2015. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. In accordance with the implementation of this standard, the College has classified its investments as Level 1, 2, or 3 to indicate the valuation inputs used to measure the fair value.

The College has implemented GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of Statement 68. This statement also establishes requirements for pensions that are provided through pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement also establishes requirements for governments that hold assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered through trusts that meet certain criteria and amends certain provisions for pension plans that are within the scope of Statement 67 and for pensions that are within the scope of Statement 68. The adoption of this statement did not have a material impact on the financial statements.

The College has implemented GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which is effective for fiscal years beginning after June 15, 2015. This statement establishes the hierarchy of GAAP for state and local governments. The adoption of this statement did not have a material impact on the financial statements.

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

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

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

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

The GASB has 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. 77, Tax Abatement Disclosures, which is effective for fiscal years beginning after December 15, 2015. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The College has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Recent Statements Issued by the Governmental Accounting Standards Board (GASB)
(Continued)**

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

The GASB has 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 not yet determined the effect that the adoption of GASB Statement No. 81 may have on its financial statements.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE 3 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents held was as follows:

	June 30, 2016		
	Current	Noncurrent	Total
State Treasurer	\$ 1,019,612	\$ 41,073	\$ 1,060,685
In Bank	49,221	102,743	151,964
On Hand	7,300	-	7,300
Total	<u>\$ 1,076,133</u>	<u>\$ 143,816</u>	<u>\$ 1,219,949</u>
	June 30, 2015		
	Current	Noncurrent	Total
State Treasurer	\$ 1,833,715	\$ 41,074	\$ 1,874,789
In Bank	166,943	101,827	268,770
On Hand	7,300	-	7,300
Total	<u>\$ 2,007,958</u>	<u>\$ 142,901</u>	<u>\$ 2,150,859</u>

Cash held by the State Treasurer includes \$744,603 and \$468,956 at June 30, 2016 and 2015, respectively, of restricted cash for sponsored projects, loans, and other purposes.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

The combined carrying amount of cash in bank at June 30, 2016 and 2015, was \$151,963 and \$268,770 as compared with the combined bank balance of \$475,121 and \$407,799, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Non-interest-bearing accounts are 100% insured through December 31, 2016.

Amounts with the State Treasurer as of June 30, 2016 and 2015, are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

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

External Pool	2016		2015	
	Carrying Value (in Thousands)	S&P Ratings	Carrying Value (in Thousands)	S&P Ratings
WV Money Market Pool	\$ 962	AAAm	\$ 1,858	AAAm
WV Government Money Market Pool	\$ -	AAAm	\$ 16	AAAm
WV Short Term Bond Pool	\$ 23	Not Rated	\$ -	Not Rated

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

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk.

The following table provides information on the weighted-average maturities for the WV Money Market Pool and the WV Government Money Market Pool:

External Pool	2016		2015	
	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	\$ 962	49	\$ 1,858	47
WV Government Money Market Pool	\$ -	0	\$ 16	51

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

External Pool	2016		2015	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	\$ 23	0	\$ -	410

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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

Custodial Credit Risk

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

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.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	<u>2016</u>	<u>2015</u>
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of \$496,087 and \$611,925 in 2016 and 2015, Respectively	\$ 215,882	\$ 282,729
Grants and Contracts Receivable, Net of Allowance for Doubtful Accounts of \$417,242 and \$272,888 in 2016 and 2015, Respectively	189,412	278,282
Other Accounts Receivable	<u>266,808</u>	<u>274,808</u>
Accounts Receivable, Net	<u>\$ 672,102</u>	<u>\$ 835,819</u>

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 5 INVESTMENTS

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The College had the following recurring fair value measurements comprised of investments as of June 30, 2016 and 2015:

	2016			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 13,661	\$ 13,661	\$ -	\$ -
Corporate bonds	35,142	-	35,142	-
U.S. Government Agency Securities	135,817	-	135,817	-
Bond Mutual Funds				
Fixed Income	74,100	74,100	-	-
High Yield	9,029	9,029	-	-
Equity mutual funds				
Domestic large cap	84,398	84,398	-	-
Domestic mid-cap	10,962	10,962	-	-
Domestic small cap	22,232	22,232	-	-
International	44,561	44,561	-	-
Mid-cap blend	13,087	13,087	-	-
Real estate	7,997	7,997	-	-
	<u>\$ 450,986</u>	<u>\$ 280,027</u>	<u>\$ 170,959</u>	<u>\$ -</u>
	2015			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market	\$ 6,518	\$ 6,518	\$ -	\$ -
Corporate bonds	9,952	-	9,952	-
U.S. Government Agency Securities	160,281	-	160,281	-
Bond Mutual Funds				
Fixed Income	79,514	79,514	-	-
High Yield	9,482	9,482	-	-
Equity mutual funds				
Domestic large cap	81,502	81,502	-	-
Domestic mid-cap	15,645	15,645	-	-
Domestic small cap	23,356	23,356	-	-
International	46,777	46,777	-	-
Mid-cap value	12,825	12,825	-	-
Real estate	8,039	8,039	-	-
	<u>\$ 453,891</u>	<u>\$ 283,658</u>	<u>\$ 170,233</u>	<u>\$ -</u>

BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 INVESTMENTS (CONTINUED)

The investments are held with a third-party trustee. The money market funds invest in U.S. Government Securities and Federated Prime Value Obligation Funds. These funds are rated AAA by Standard & Poor's. The U.S. Government Securities are also rated Aaa by Moody's. The Federal Government Bonds are rated AAA by Standard & Poor's and Aaa by Moody's. The fixed income securities invest in Federal Home Loan Bank Bonds, Freddie Mac Notes and certificates of deposit under the CDARS program. The equity market securities, fixed income securities and limited partnerships are rated AAA by Standard & Poor's. Management believes that there is no significant custodial credit risk nor interest rate risk for any of the funds. Furthermore, the funds are not exposed to any significant concentration of credit risk nor any foreign currency risk.

NOTE 6 CAPITAL ASSETS

The following is a summary of capital asset transactions for the College for the years ended June 30:

	2016				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital Assets not being Depreciated:					
Land	\$ 277,942	\$ -	\$ -	\$ -	\$ 277,942
Construction in Progress	99,138	108,187	-	(56,263)	151,062
Total Capital Assets not being Depreciated	<u>\$ 377,080</u>	<u>\$ 108,187</u>	<u>\$ -</u>	<u>\$ (56,263)</u>	<u>\$ 429,004</u>
Capital Assets Being Depreciated:					
Land Improvements	\$ 4,381,817	\$ -	\$ -	\$ -	\$ 4,381,817
Buildings	31,430,295	3,700	-	56,263	31,490,258
Equipment	4,088,214	158,169	165,826	-	4,080,557
Library Books	1,421,375	5,230	-	-	1,426,605
Total Other Capital Assets	<u>41,321,701</u>	<u>167,099</u>	<u>165,826</u>	<u>56,263</u>	<u>41,379,237</u>
Less Accumulated Depreciation for:					
Land Improvements	2,800,353	251,444	-	-	3,051,797
Buildings	15,727,131	997,097	-	-	16,724,228
Equipment	3,450,844	170,880	-	-	3,621,724
Library Books	1,391,349	8,228	-	-	1,399,577
Total Accumulated Depreciation	<u>23,369,677</u>	<u>1,427,649</u>	<u>-</u>	<u>-</u>	<u>24,797,326</u>
Capital Assets Being Depreciated - Net	<u>\$ 17,952,024</u>	<u>\$ (1,260,550)</u>	<u>\$ 165,826</u>	<u>\$ 56,263</u>	<u>\$ 16,581,911</u>
Capital Asset Summary:					
Capital Assets not being Depreciated	\$ 377,080	\$ 108,187	\$ -	\$ (56,263)	\$ 429,004
Other Capital Assets	41,321,701	167,099	-	56,263	41,545,063
Total Cost of Capital Assets	<u>41,698,781</u>	<u>275,286</u>	<u>-</u>	<u>-</u>	<u>41,974,067</u>
Less: Accumulated Depreciation	<u>23,369,677</u>	<u>1,427,649</u>	<u>-</u>	<u>-</u>	<u>24,797,326</u>
Capital Assets - Net	<u>\$ 18,329,104</u>	<u>\$ (1,152,363)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,176,741</u>

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2015				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital Assets not being Depreciated:					
Land	\$ 277,942	\$ -	\$ -	\$ -	\$ 277,942
Construction in Progress	3,700,168	56,263	13,254	(3,644,039)	99,138
Total Capital Assets not being Depreciated	<u>\$ 3,978,110</u>	<u>\$ 56,263</u>	<u>\$ 13,254</u>	<u>\$ (3,644,039)</u>	<u>\$ 377,080</u>
Capital Assets Being Depreciated:					
Land Improvements	\$ 4,381,817	\$ -	\$ -	\$ -	\$ 4,381,817
Buildings	27,289,033	497,223	-	3,644,039	31,430,295
Equipment	4,098,433	27,838	38,057	-	4,088,214
Library Books	1,412,407	8,968	-	-	1,421,375
Total Other Capital Assets	<u>37,181,690</u>	<u>534,029</u>	<u>38,057</u>	<u>3,644,039</u>	<u>41,321,701</u>
Less Accumulated Depreciation for:					
Land Improvements	2,536,940	263,413	-	-	2,800,353
Buildings	14,739,549	987,582	-	-	15,727,131
Equipment	3,328,693	123,757	1,606	-	3,450,844
Library Books	1,382,552	8,797	-	-	1,391,349
Total Accumulated Depreciation	<u>21,987,734</u>	<u>1,383,549</u>	<u>1,606</u>	<u>-</u>	<u>23,369,677</u>
Capital Assets Being Depreciated - Net	<u>\$ 15,193,956</u>	<u>\$ (849,520)</u>	<u>\$ 36,451</u>	<u>\$ 3,644,039</u>	<u>\$ 17,952,024</u>
Capital Asset Summary:					
Capital Assets not being Depreciated	\$ 3,978,110	\$ 56,263	\$ 13,254	\$ (3,644,039)	\$ 377,080
Other Capital Assets	37,181,690	534,029	38,057	3,644,039	41,321,701
Total Cost of Capital Assets	<u>41,159,800</u>	<u>590,292</u>	<u>51,311</u>	<u>-</u>	<u>41,698,781</u>
Less: Accumulated Depreciation	<u>21,987,734</u>	<u>1,383,549</u>	<u>1,606</u>	<u>-</u>	<u>23,369,677</u>
Capital Assets - Net	<u>\$ 19,172,066</u>	<u>\$ (793,257)</u>	<u>\$ 49,705</u>	<u>\$ -</u>	<u>\$ 18,329,104</u>

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.

Title for certain real property is with the Commission. Title for some land was with the original Board of Directors. Those deeds/records have not been converted to BSC. At some point in the future, title can be changed to BSC.

At June 30, 2016, the College had no outstanding contractual commitments for property, plant, and equipment expenditures.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30:

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 94,251	\$ 324	\$ -	\$ 94,575	\$ -
Accrued Compensated Absences	731,119	-	118,444	612,675	364,705
OPEB Liability	5,573,023	328,271	-	5,901,294	-
Net Pension Liability	551,643	109,141	89,745	571,039	-
Debt Obligation due Commission	259,500	-	75,000	184,500	41,000
Total Noncurrent Liabilities	<u>\$ 7,209,536</u>	<u>\$ 437,736</u>	<u>\$ 283,189</u>	<u>\$ 7,364,083</u>	<u>\$ 405,705</u>

	2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 96,506	\$ -	\$ 2,255	\$ 94,251	\$ -
Accrued Compensated Absences	718,712	12,407	-	731,119	439,798
OPEB Liability	5,290,071	617,941	334,989	5,573,023	-
Net Pension Liability	-	855,474	303,831	551,643	-
Debt Obligation due Commission	368,500	-	109,000	259,500	75,000
Total Noncurrent Liabilities	<u>\$ 6,473,789</u>	<u>\$ 1,485,822</u>	<u>\$ 750,075</u>	<u>\$ 7,209,536</u>	<u>\$ 514,798</u>

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2016, 2015, and 2014, the noncurrent liability related to OPEB costs was \$5,901,294, \$5,573,023, and \$5,290,071, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$662,979 and \$334,708, respectively, during 2016, or 50%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$617,941 and \$334,989, respectively, during 2015, or 54%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$521,888 and \$430,548, respectively, during 2014, or 83%. As of the years ended June 30, 2016, 2015, 2014 and 2013 there were 33, 29, and 29 retirees receiving these benefits, respectively. During the 2012 legislative session, the State took proactive measures to address this unfunded liability, which will take effect in future fiscal years and fully fund the liability by 2057.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 9 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. The tuition and registration fees of the members of the former State College 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. Amounts due to Commission at June 30, 2016 and 2015 is \$0.

During fiscal year 2011, the College entered into two capital project loans with the Higher Education Policy Commission in the amounts of \$410,000 and \$340,000 to fund an HVAC replacement project. Under these agreements, there is no interest charged to the College. The loan for \$410,000 is to be repaid over 10 years in semi-annual payments of \$20,500 while the loan for \$340,000 is to be repaid over 5 years in semi-annual payments of \$34,000. During 2016, the College paid \$75,000 to the Commission against the loans.

The scheduled maturities of amounts due to the Commission at June 30, 2016 are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 41,000
2018	41,000
2019	41,000
2020	41,000
2021	20,500
	<u>\$ 184,500</u>

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 10 UNRESTRICTED DEFICIT

The College's unrestricted net position at June 30, 2016 and 2015 includes certain undesignated net position, as follows:

	2016	2015
Designated for Repair and Replacement	\$ 108,441	\$ 120,031
Undesignated	<u>(1,374,496)</u>	<u>(391,054)</u>
Total Unrestricted Net Position before		
OPEB Liability	(1,266,055)	(271,023)
Less: OPEB Liability	<u>5,901,294</u>	<u>5,573,023</u>
Total Unrestricted Net Position (Deficit)	<u>\$ (7,167,349)</u>	<u>\$ (5,844,046)</u>

NOTE 11 RETIREMENT PLANS

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

Defined Contribution Benefit Plans

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

Total contributions to the TIAA-CREF for the years ended June 30, 2016, 2015, and 2014 were \$1,102,340, \$1,141,724, and \$1,149,324, which consisted of equal contributions of \$551,170, \$570,862, and \$574,662, respectively, from both the College and covered employees.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the new Educators Money 401(a) Basic Retirement Plan. New hires have a choice of either plan. As of June 30, 2015, the College did not have any employees enrolled in the new Educators Monday 401(a) Basic Retirement Plan.

The Great West benefit program is also available to new employees. Total contributions to Great West for year ended June 30, 2016, 2015, and 2014 were \$8,570, \$13,210, and \$10,669, which consisted of equal contributions \$4,285, \$6,605 and \$5,334, respectively, from both the College and employees.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 RETIREMENT PLANS (CONTINUED)

Defined Contribution Benefit Plans (Continued)

The College's total payroll for the years ended June 30, 2016, 2015, and 2014 was \$11,129,552, \$11,293,704, and \$11,508,196, respectively. Total covered employees' salaries in the TIAA-CREF and Great West were \$9,186,174, and \$71,420, respectively, in 2016; \$9,514,380, and \$110,084, respectively, in 2015; and \$9,577,700, and \$88,900, respectively, in 2014.

Defined Benefit 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 year ended June 30, 2015:

	<u>2016</u>	<u>2015</u>
Net Pension Liability	\$ 571,039	\$ 551,643
Deferred Outflows of Resources	120,659	74,335
Deferred Inflows of Resources	178,129	228,484
Revenues	92,462	73,637
Pension Expense	77,283	71,946
Contributions Made by BSC	75,055	74,335

TRS

Plan Description

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

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

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 RETIREMENT PLANS (CONTINUED)

Benefits Provided

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

Contributions

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

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

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2015 and 2014, the College's proportionate share attributable to this special funding subsidy was \$92,462 and \$73,637, respectively.

The College's contributions to TRS for the years ended June 30, 2016, 2015, and 2014, were \$75,055, \$74,335, and \$73,656, respectively.

BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 11 RETIREMENT PLANS (CONTINUED)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2014 and rolled forward to June 30, 2015. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.75–5.25% and non-teachers 3.40–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 1.2-30% and non-teachers 1.4-22.5%.
- Disability rates: 0-0.8%
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%
- Ad hoc cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2005 to June 30, 2010. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2015, are summarized below.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 RETIREMENT PLANS (CONTINUED)

Assumptions (Continued)

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High-yield Fixed Income	5.5%	7.5%
TIPS	2.7%	-
Real Estate	5.6%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Cash	1.5%	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 3.66% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20 Year High Grade Rate Index at June 30, 2015.

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

	Current Discount		
	1% Decrease (6.50%)	Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability- 2016	\$ 740,305	\$ 571,039	\$ 425,698
Net Pension Liability- 2015	715,408	551,643	411,034

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

The June 30, 2016 TRS net pension liability was measured as of June 30, 2015, and the total pension liability was determined by an actuarial valuation as of July 1, 2014, rolled forward to the measurement date of June 30, 2015. The June 30, 2015 TRS net pension liability was measured as of June 30, 2014, and the total pension liability was determined by an actuarial valuation as of July 1, 2013, rolled forward to the measurement date of June 30, 2014.

At June 30, 2016, the College's proportionate share of the TRS net pension liability was \$1,874,043. Of this amount, the College recognized approximately \$571,039 as its proportionate share on the Statement of Net Position. The remainder of \$1,303,004 denotes the College's proportionate share of net pension liability attributable to the special funding.

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 RETIREMENT PLANS (CONTINUED)

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

At June 30, 2015, the College's proportionate share of the TRS net pension liability was \$1,798,024. Of this amount, the College recognized approximately \$551,643 as its proportionate share on the Statement of Net Position. The remainder of \$1,246,381 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on their proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2015 and 2014. Employer contributions are recognized when due. At June 30, 2015, the College's proportion was 0.016479%, an increase of 0.000490% from its proportion of 0.015989% calculated as of June 30, 2014.

For the year ended June 30, 2016, the College recognized TRS pension expense of \$77,283. Of this amount, \$(15,179) was recognized as the College's proportionate share of the TRS expense and \$92,462 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$92,462 for support provided by the State.

For the year ended June 30, 2015, the College recognized TRS pension expense of \$71,946. Of this amount, \$(1,691) was recognized as the College's proportionate share of the TRS expense and \$73,637 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$73,637 for support provided by the State.

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

June 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and difference between employer contributions and proportionate share of contributions	\$ 45,604	\$ 149,084
Net difference between projected and actual experience	-	4,944
Net difference between projected and actual investment earnings	-	24,101
Contributions after the measurement date	75,055	-
Total	\$ 120,659	\$ 178,129

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 RETIREMENT PLANS (CONTINUED)

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

June 30, 2015	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 155,568
Net difference between projected and actual investment earnings	-	72,916
Contributions after the measurement date	74,335	-
Total	\$ 74,335	\$ 228,484

The College will recognize the \$75,055 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows.

Fiscal Year Ended	Amortization
June 30, 2017	\$ (39,122)
June 30, 2018	(39,122)
June 30, 2019	(39,122)
June 30, 2020	(26,566)
June 30, 2021	11,407
	\$ (132,525)

Payables to the pension plan

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

NOTE 12 LEASES

The College leases a branch campus facility in the State. Rental payments for the facility were \$206,097 for the year end June 30, 2016. Following is a schedule of future minimum lease payments for the term of this operating lease.

Year Ending June 30,	Rental Payments
2017	\$ 206,097

**BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNITS

The Bluefield State College Foundation, Inc. (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 employs management, forms policy and maintains 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. Complete financial statements for the Foundation can be obtained from the President of the Bluefield State College Foundation at College Avenue, Bluefield, Virginia 24605.

During the years ended June 30, 2016 and 2015, the Foundation contributed \$235,175 and \$205,738 respectively, to the College for scholarships and grants and employee compensation.

The Corporation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "...form partnerships and develop commitments for assistance from a wide spectrum of community based organizations in both the public and private sectors. The corporation will work to identify and eliminate barriers that inhibit access to technology training and market based development activities in communities served by the College..." Oversight of the Corporation 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 Corporation employs management, forms policy and maintains fiscal accountability over funds administered by the Corporation. Although the College does not control the timing or amount of receipts from the Corporation, the majority of resources, or income thereon, that the Corporation holds and invests are restricted to the activities of the College by donors or grant restrictions. Because these restricted resources held by the Corporation can only be used by, or for the benefit of, the College, the Corporation can only be used by, or for the benefit of, the College, the Corporation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB. Complete financial statements for the Corporation can be obtained from the President of the Bluefield State College Research and Development Corporation at 219 Rock Street, Bluefield, Virginia 24701.

BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 14 AFFILIATED ORGANIZATIONS (UNAUDITED)

There are separately incorporated organizations affiliated with the College which include the Center for Applied Research and Technology of Bluefield State College and the Bluefield State College Alumni Association. Oversight responsibility for these entities rests with independent boards and management not otherwise affiliated with the College. Accordingly, the financial statements of such organizations are not included in the accompanying combined financial statements under the blended component unit requirements. They are not included in the College's accompanying financial statements as, they (1) are not material or (2) have dual purposes (i.e., not entirely or almost entirely for the benefit of the College).

NOTE 15 CONTINGENCIES

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

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

The College owns various buildings which are known to contain asbestos. The College is not required by federal, state or local law to remove the asbestos from its buildings. The College is required under Federal Environmental, Health and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The College also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

BLUEFIELD STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 16 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

	2016							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 5,575,676	\$ 1,535,682	\$ 891,802	\$ 108	\$ -	\$ -	\$ -	\$ 8,003,268
Research	18,762	10,759	35,374	-	-	-	-	64,895
Public Service	209,161	51,855	82,380	-	-	-	-	343,396
Academic Support	656,220	177,753	416,036	1,625	-	-	-	1,251,634
Student Services	1,182,038	313,770	411,752	-	-	-	-	1,907,560
General Institutional Support	2,052,426	530,831	1,195,410	30,880	-	-	-	3,809,547
Operations and Maintenance of Plant	682,815	237,188	688,768	586,494	-	-	-	2,195,265
Student Financial Aid	-	-	-	-	1,487,467	-	-	1,487,467
Auxiliary Enterprises	479,921	126,771	832,944	85,584	-	-	-	1,525,220
Depreciation	-	-	-	-	-	1,427,649	-	1,427,649
Other	-	-	-	-	-	-	69,802	69,802
Total	\$ 10,857,019	\$ 2,984,609	\$ 4,554,466	\$ 704,691	\$ 1,487,467	\$ 1,427,649	\$ 69,802	\$ 22,085,703

	2015							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 5,824,101	\$ 1,576,064	\$ 920,308	\$ 28	\$ -	\$ -	\$ -	\$ 8,320,501
Research	13,979	3,534	15,898	-	-	-	-	33,411
Public Service	208,775	57,212	95,455	-	-	-	-	361,442
Academic Support	678,132	195,743	396,822	1,718	-	-	-	1,272,415
Student Services	1,211,471	330,393	377,940	989	2,000	-	-	1,922,793
General Institutional Support	2,146,762	567,099	1,515,722	50,838	-	-	-	4,280,421
Operations and Maintenance of Plant	707,952	252,826	405,905	656,635	-	-	-	2,023,318
Student Financial Aid	-	-	2,000	-	1,527,040	-	-	1,529,040
Auxiliary Enterprises	520,523	141,600	781,882	100,550	-	-	-	1,544,555
Depreciation	-	-	-	-	-	1,383,549	-	1,383,549
Other	-	-	-	-	-	-	78,068	78,068
Total	\$ 11,311,695	\$ 3,124,471	\$ 4,511,932	\$ 810,758	\$ 1,529,040	\$ 1,383,549	\$ 78,068	\$ 22,749,513

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17 COMPONENT UNIT DISCLOSURES – BLUEFIELD STATE COLLEGE FOUNDATION, INC.

The following are the notes taken directly from the Foundation's financial statements.

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Nature of Foundation

Bluefield State College Foundation, Inc. (the Foundation) is incorporated as a nonprofit corporation under the laws of the State of West Virginia. The purpose of the Foundation is to provide for student scholarships and faculty and staff development at Bluefield State College (the College).

The Foundation is managed by an independently elected Board of Directors not otherwise affiliated with the College. All contributions generally are for the benefit of the College and are administered by the Foundation.

Basis of Financial Statement Presentation and Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The accompanying financial statements present information regarding the Foundation's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, the income on these assets is available to meet various restricted and other operating needs. These net assets primarily include permanent endowment funds and funds held in trust by others.

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

Cash and Short-Term Investments

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as cash restricted for long-term investment and by agency relationships.

The money market investment accounts are approximately \$1,391,960 and \$1,277,000 for June 30, 2016 and 2015, respectively, and the principal underlying assets are securities of the U.S. Government, its agencies, authorities and instrumentality's and obligations of U.S. banks. The estimated fair value of short-term investments approximates cost.

Fund Descriptions

General Administrative Account – Funds that were released from Title III restrictions and internally restricted by the Foundation's Board for the purpose of ensuring funds be available for future administrative costs. Most donors elect to endow funds to be permanently restricted for scholarships and, following the market's downturns, the Board felt it necessary to set aside funds to cover needed future administrative costs.

Endowed Account – Funds permanently set aside by donors for specific uses with the majority designated for scholarships. The Robertson endowment; however, is for use by the library.

Peters Engineering Chair – Account endowed for use as directed by the Head of the Engineering Division.

FCB Title III and FCBT Title III – Restrictions have been satisfied and the funds have now been released for the Foundation to use in any manner it feels is beneficial to Bluefield State College. The Board has determined to use seventy-five percent (75%) income for disbursements and has internally restricted the use of the remaining funds for future needs.

BSC General Foundation Account – Unrestricted funds and property held by the Foundation. Monies are used for administrative costs, discretionary funds for use by the President and Executive Director of the Foundation as approved by the Board and any other day-to-day costs of maintaining the Foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Note Receivable

Note receivable is reported at its principal outstanding balance. Interest income is recognized as earned using the interest method.

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. The fair value of investments in equities, bonds, U.S. securities, exchange traded mutual funds, REIT and short-term assets is determined by reference to quoted market prices. Net unrealized and realized gains or losses are reflected in the Statements of Activities. Certain land and other investments, which are not readily marketable, are carried at cost.

Gifts of investments are recorded at their fair value (based on quotations or appraisals) at date of gift. Purchases and sales of investments are recorded on the trade date.

Income and realized and unrealized net gains on investments of endowment and similar net asset classes are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- As increases in unrestricted net assets in all other cases.

Assets Whose Use is Limited

Assets whose use is limited consist of assets internally designated by the Foundation for specific use. The Foundation retains control over these assets and may, at its discretion, subsequently use the assets for other purposes. These assets consist of cash and cash equivalents, investments, and other property. Cash and cash equivalents and investments within this category follow the same policies noted earlier for regular cash and cash equivalents (those whose use is not limited).

Amounts Held on Behalf of Others

Amounts held on behalf of others are used to account for assets held by the Foundation as an agent for other organizations. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received. Unrestricted, unconditional promises to give for future operations are recognized as temporarily restricted revenues unless the donor explicitly stipulates its use to support current period activities.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

The Foundation occasionally utilizes office space located in a college owned building and receives assistance in development and administration of the Foundation by an employee of the College.

The value of these services as well as other donated volunteer services are not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Income Tax Status

The Foundation is a nonprofit organization exempt from federal income taxes under *Internal Revenue Code* Section 501(c)(3) based upon its determination letter dated October 16, 1969. 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 within the meaning of Section 509(a) of the *Internal Revenue Code*.

The Federal Forms 990 of the Foundation for the fiscal years 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

Credit Risk Concentration

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Foundation places its temporary cash investments with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents. Concentration of credit risk for investments is limited by the Foundation's policy of diversification of investments.

Net Asset Classifications of Institutional Funds

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the state of West Virginia. "Endowment" is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Foundation's activities. The Foundation's endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Foundation adopted the provisions of authoritative accounting guidance for the net asset classification of donor restricted endowment funds for an organization that is subject to UPMIFA and also required related financial statement disclosures.

Interpretation of UPMIFA

The Board of Directors of the Foundation has interpreted 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. 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 of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investment, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 17.1 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

Net Asset Classifications of Institutional Funds (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with insurance companies' regulations as set forth in the West Virginia State Code. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation recognizes that unsupervised assets will probably be subjected to an inflationary loss of purchasing power; therefore the funds should be managed in a way that will minimize the effect of inflation. Fixed income-like investments will be used to reduce volatility of the overall portfolio while providing a predictable stream of income.

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. Except for the Title III funds, the Foundation's annual target spending rate is currently 4% of the average market value of the funds, calculated as of February 28 of the year immediately preceding the beginning of the Foundation's fiscal year. The annual spending rate for the Title III Funds is 75% of income. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income excess of the spending rate is to be reinvested in the endowment.

Funds with Deficiencies ("Underwater" Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires that Foundation to retain as a fund or perpetual duration. Deficiencies of this nature reported in unrestricted net assets were \$0 as of June 30, 2016 and 2015.

Subsequent Events

Subsequent events have been evaluated through October 11, 2016, the date the financial statements were available to be issued.

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.2 NOTE RECEIVABLE

On December 16, 2015, the Hugh I. Shott, Jr. Foundation Inc. agreed to donate to the Foundation a Deed of Trust in the amount of \$2 million secured by a certain real estate known as the Mountain View Real Estate owned by the Bluefield State College Research & Development Corporation ("BSC R&D"). The Foundation recognized that BSC R&D's current financial condition made it impossible to pay the principal and unpaid interest due by the original maturity date; therefore, the promissory note was modified extending the maturity to January 3, 2021 with annual installments of \$100,000 and carrying an annual interest rate at 5%. At the time of the deed of trust transfer, the note included \$11,781 of accrued interest. The Foundation's Board approved the waiver of the interest and recorded a donation to the BSC R&D in the same amount.

NOTE 17.3 INVESTMENTS

Investments are comprised of the following:

	2016	2015
Measured at Fair Value		
Certificates of Deposits	\$ 510,978	\$ 665,156
Corporate and Municipal Bonds and Notes	1,111,893	1,577,363
Equity Investments	5,544,674	5,654,254
Mutual Funds	3,205,191	2,298,409
Measured at Cost		
REIT	40,031	-
Limited Partnership	29,260	29,890
	10,442,027	10,225,072
Real Estate	342,600	342,600
	\$ 10,784,627	\$ 10,567,672

The ownership of investments for each class of net assets as of June 30, 2016 and 2015 is as follows:

	2016	2015
Unrestricted	\$ 8,994,985	\$ 8,789,559
Temporarily Restricted	91,467	227,808
Permanently Restricted	1,698,175	1,550,305
	\$ 10,784,627	\$ 10,567,672

Realized and unrealized gains (losses) recognized during the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Realized	\$ 245,713	\$ 79,823
Unrealized	233,081	(13,421)
	\$ 478,794	\$ 66,402

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.3 INVESTMENTS (CONTINUED)

Government obligations consist principally of obligations to the U.S. Treasury and agencies. Corporate obligations are concentrated in the financial services and utilities sectors. Corporate equities and mutual funds are diversified, with no significant industry concentrations.

NOTE 17.4 UNRESTRICTED NET ASSETS

Unrestricted net assets as of June 30, 2016 and 2015 include the following:

	<u>2016</u>	<u>2015</u>
Designated:		
Investment in Land, Leased for Charitable Purposes	\$ 250,000	\$ 250,000
Internally Restricted by Board	<u>8,401,618</u>	<u>7,988,757</u>
	8,651,618	8,238,757
Undesignated:		
Other	3,052,714	1,224,418
Investment in Land	<u>92,600</u>	<u>92,600</u>
	<u>3,145,314</u>	<u>1,317,018</u>
	<u>\$ 11,796,932</u>	<u>\$ 9,555,775</u>

Land is leased to another nonprofit entity for \$1 per year to assist in its charitable purpose. The lease renews in 10-year terms, but automatically terminates May 31, 2083 or if the land is not used for the stated purpose. The lease provides that the lessee must maintain liability coverage of one million dollars to protect the Foundation.

As of June 30, 2016, funds internally restricted by the Foundation's Board for the purpose of ensuring funds be available for future needs of the Foundation totaled \$8,401,618 and \$7,988,757 for administrative costs.

Other undesignated funds include the \$2 million deed of trust with the BSC R&D Corporation

NOTE 17.5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Provide Scholarship Assistance and		
Operations of the Foundation	\$ 507,994	\$ 432,688
Engineering Technology Department	<u>194,367</u>	<u>198,373</u>
	<u>\$ 702,361</u>	<u>\$ 631,061</u>

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.6 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2016 and 2015 are restricted to investment in perpetuity, the income from which is expendable to support:

	2016	2015
Engineering Technology Department	\$ 150,000	\$ 150,000
Financial Aid	1,567,363	1,496,297
	\$ 1,717,363	\$ 1,646,297

NOTE 17.7 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements

Cash and short-term investments have principal underlying assets which are securities of the U.S. government, its agencies, authorities and instrumentalities and obligations of U.S. banks. The estimated fair value approximates cost. Cash restricted for long term is classified as investment and is stated at cost, which approximates market value. The fair value of investments in equities, bonds, U.S. securities, exchange traded mutual funds, partnerships and short-term assets is determined by reference to quoted market prices.

Gains and losses (realized and unrealized) included in statements of activities are reported in net realized and unrealized gain (loss).

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 17.7 FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2016				
Cash and Short-Term Investments	\$ 1,228,994	\$ 1,228,994	\$ -	\$ -
Cash Restricted for Long-Term Investment	195,776	195,776	-	-
Investments:				
Certificates of Deposits	510,978	510,978	-	-
Corporate and Municipal Bonds and Notes	1,111,892	1,111,892	-	-
Equity Investments	5,544,674	5,544,674	-	-
Mutual Funds	3,205,191	3,205,191	-	-
REIT	40,031	40,031	-	-
Limited Partnership	29,260	29,260	-	-
	<u>\$ 11,866,796</u>	<u>\$ 11,866,796</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2015				
Cash and Short-Term Investments	\$ 1,143,118	\$ 1,143,118	\$ -	\$ -
Cash Restricted for Long-Term Investment	113,901	113,901	-	-
Investments:				
Certificates of Deposits	665,156	665,156	-	-
Corporate and Municipal Bonds and Notes	1,577,363	1,577,363	-	-
Equity Investments	5,654,254	5,654,254	-	-
Mutual Funds	2,298,409	2,298,409	-	-
Limited Partnership	29,890	29,890	-	-
	<u>\$ 11,482,091</u>	<u>\$ 11,482,091</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 17.8 RELATED PARTY TRANSACTIONS

Certain local financial institutions hold substantially all the Foundation's assets in their trust departments. Some of the Foundation's Board members also serve as officers and directors of these institutions. The Foundation paid \$25,075 and \$23,360 in management fees to these related parties for the years ended June 30, 2016 and 2015, respectively.

BSC R&D is related to the Foundation through the common purpose of supporting Bluefield State College. Both entities are consolidated into the College's financial statements. Donations to BSC R&D totaled \$328,794 and \$0 for the years ended June 30, 2016 and 2015, respectively.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 17.9 FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

College Support – Funds expended primarily to provide support services for Bluefield State College. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.

Foundation Fundraising Expenses – Expenses related to community and alumni relations, including development and fundraising.

Financial Management Expenses – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.

NOTE 17.10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by donors. Restrictions were satisfied as follows for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Operating:		
Financial Aid	\$ 88,665	\$ 199,145
Reclassifications to Permanent Funds	-	34,705
	<u>\$ 88,665</u>	<u>\$ 233,850</u>

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 18 COMPONENT UNIT DISCLOSURES – BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION

The following are the notes taken directly from the Research and Development Corporation's financial statements.

NOTE 18.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bluefield State College Research and Development Corporation (the Corporation) was organized for the purpose of operating a non-profit organization exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. In 2008, the Corporation purchased a college dormitory facility to house students. The majority of revenues are derived from dormitory rooms rented to students. Other revenues are derived from other rental income, as well as federal, state or private sources in the form of grants.

The Corporation provides most of its resources for the benefit of Bluefield State College. Furthermore, because of the relationship with Bluefield State College the Corporation is considered a discretely presented component unit of the Bluefield State College.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board and the Corporation reports using accounting principles generally accepted in the United States of America. The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes that the banks are credit worthy and that it is not exposed to any significant credit risk on cash and cash equivalents.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 18.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

The Corporation has receivables from grants and other State Agencies, and it also leases office space to businesses and dormitory rooms to students based on contractual agreements. Receivables are stated at fair value with an allowance for doubtful accounts, based on historical collection experience, and an evaluation of the accounts receivable that are deemed delinquent based on billing due dates or other contractual terms, with no interest accrued. When accounts are deemed uncollectible, they are charged against the allowance.

Inventories

Inventories are stated at the lower of cost or market, with cost determined primarily on the first-in, first-out method.

Funds Held for Others

Funds held for others are used to account for assets held by the Corporation as an agent. These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations. At June 30, 2016 and 2015, approximately \$281,700 and \$220,700, respectively, of the funds held for others balance was held on behalf of Bluefield State College, a related party of the Corporation.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of the gift, less accumulated depreciation. Additions, improvements and expenditures that materially improve or extend the life of an asset are capitalized. The Corporation utilizes a capitalization threshold of \$5,000. Maintenance and repairs are charged to expense as incurred. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the property accounts. Depreciation is calculated on the straight-line method over the estimated useful lives of the depreciable assets. Depreciation expense for the years ended June 30, 2016 and 2015 was \$242,360 and \$242,653, respectively.

Intangibles

Intangible assets are amortized using the straight-line method over the estimated useful life of the asset. As part of the dormitory facility purchase in 2008, the Corporation recorded a covenant not to compete, amortized over the life of the agreement, and facility start up costs, amortized over 20 years, in the amount of \$111,042. Accumulated amortization of intangible assets was \$70,193 and \$64,141 as of June 30, 2016 and 2015, respectively. Amortization expense for the years ended June 30, 2016 and 2015 was \$6,052 and \$8,552, respectively.

Impairment Of Property, Equipment, And Intangibles

If facts and circumstances suggest that property, equipment, or intangibles may be impaired, the carrying value is reviewed for recoverability. If this review indicates that the carrying value of the asset(s) will not be recovered, considering a fair value determination based on projected undiscounted cash flows related to the asset over its estimated remaining life or the potential sale price of the asset, the carrying value of the asset is

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 18.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment Of Property, Equipment, And Intangibles (Continued)

reduced to its estimated fair value through an impairment loss. An impairment loss of \$1,959,865 was recognized as part of the change in net assets from discontinued operations on the statement of activities for the year ended June 30, 2016 related to the valuation of property, equipment, and intangibles.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist primarily of expenses incurred for the operation of the Mountain View Dormitory and related payroll liabilities.

Deferred Revenue

Deferred revenue consists of grants that have been received for a specific purpose, but have not yet met revenue recognition criteria.

Unrestricted Net Assets

The unrestricted category consists of funds whose use is limited only to the extent that the Corporation's bylaws limit the activities of the organization. Contributions with donor-imposed restrictions met in the same year in which the contribution is recognized are reported as changes in unrestricted net assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of funds whose use has been limited by donors to a specific time period and/or purpose. The Corporation currently has no temporarily restricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are comprised of funds whose use has been restricted by the donor and must be maintained permanently by the Corporation. The Corporation currently has no permanently restricted net assets.

Support and Revenue

Support received under conditional contracts and grants is reported as deferred revenue until qualifying expenses have been incurred or other conditions have been substantially met. Contracts and grants receivable represent amounts expected to be received after year-end on approved grants.

Contributed Services, Supplies, and Space

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Contributed services that are recognized are valued at the estimated cost that would have been incurred by the Corporation to purchase similar services. Donated space is valued at the estimated fair rental value. Donations of occupancy costs and other non-inventory items are expensed during the year the contributions are provided.

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 18.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Reporting

Expenses are reported on a functional basis that discloses the purpose for which the expenses have been incurred. A brief description of each of the functional classifications is as follows:

- Program Services – Represent funds expended primarily to provide support for certain federal, state and private research and development programs.
- Management and General – Represent expenses incurred principally for (1) executive level activities concerned with management of the operations, (2) legal and fiscal operations, and (3) other administrative related expenses.
- Fundraising – Represents expenses related to community and other development costs expended to perform fundraising for the Corporation. The Corporation had no fundraising expenditures for the years ended June 30, 2016 and 2015.

Advertising Costs

Total advertising costs for the years ended June 30, 2016 and 2015 were \$2,296 and \$3,117, respectively.

Concentrations

Approximately 18% and 23% of the Corporation's support was provided by grants from the Federal Government for the years ended June 30, 2016 and 2015, respectively.

Income Tax Status

The Corporation is exempt from federal income tax on its exempt purpose activities as an organization described in Section 501(c)(3) of the Internal Revenue Code. For the years ended June 30, 2016 and 2015, the Corporation has no material uncertain tax positions to be accounted for in the financial statements under professional standards. The Corporation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. As of June 30, 2016 tax years ending on or after June 30, 2013 remain subject to examination.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 18.2 RECEIVABLES

The following is a summary of receivables due the Corporation under grant or lease contractual agreements at June 30:

	2016	2015
Marshall University Research/IDEA Network of Biomedical Research Excellence Grants	\$ 44,151	\$ 33,751
NASA Grant	15,594	-
Highmark Foundation Grant	10,908	-
West Virginia University Health Science Technology Grant	11,735	2,459
Other Accounts Receivables	11,831	8,399
	\$ 94,219	\$ 44,609

NOTE 18.3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2016	2015
Land	\$ 373,089	\$ 49,589
Land Improvements	7,076	7,076
	380,165	56,665
Less: Accumulated Depreciation	(7,076)	(7,076)
	\$ 373,089	\$ 49,589

NOTE 18.4 LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

<u>Description</u>	2016	2015
The Corporation assumed \$2.0 million in debt as part of a transaction where the Corporation acquired a dormitory facility. The debt is due in 2021. Debt is secured by a second lien on land, building, furniture, fixtures and equipment. Accrued interest is due in 2021 at a fixed rate of 5.0% per annum. The Corporation is in compliance with all debt covenants.	\$ 2,000,000	\$ 2,000,000
Less: Current Portion	-	-
Long-Term Portion	\$ 2,000,000	\$ 2,000,000

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 18.4 LONG-TERM DEBT (CONTINUED)

Debt matures as follows at June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ -
2018	-
2019	-
2020	-
2021	2,000,000
Total	<u>\$ 2,000,000</u>

Interest expense was \$172,302 and \$176,490 for the years ended June 30, 2016 and 2015, respectively.

NOTE 18.5 LEASES

The Corporation leases office space to various third party businesses under operating lease agreements. The building in which the office space is leased was impaired during fiscal year 2011. The cost of the building was valued at \$0 in the statement of financial position at June 30, 2016 and 2015.

Aggregate rental income from the lease agreements was approximately \$70,000 and \$73,000 for the years ended June 30, 2016 and 2015, respectively. Future minimum rentals are as follows at June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 43,906
2018	2,790
Total	<u>\$ 46,696</u>

NOTE 18.6 CONTINGENCIES

Under the terms of federal and state 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 Corporation's management believes disallowances, if any, will not have a significant financial impact on the Corporation's financial position.

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 18.7 DETAILS OF PROGRAM SERVICES AND SUPPORT SERVICES

Details of program services and support services at June 30 are as follows:

	2016	2015
Federal Programs:		
National Institute of Health/Department of Health and Human Services Grant	\$ 90,176	\$ 56,454
Marshall University Research/IDEA Network of Biomedical Research Excellence Grant	219,913	132,784
NASA Grant	14,962	6,729
West Virginia University Health Science Technology Academy Grant	15,974	14,156
Morehouse School of Medicine Grant	-	542
Herbert Henderson Office of Minority Affairs Grant	-	375
	341,025	211,040
State Programs:		
Higher Education Policy Commission Grant	1,307	-
American Legacy Grant	4,851	-
Tobacco Control Grant	3,923	25
	10,081	25
Private and Unrestricted Programs:		
Arts and Sciences Humanities Grant	379	-
Highmark Foundation Grant	22,958	-
Bluefield State College International Initiatives	1,976	1,297
NCAA Choice Grant	5,409	7,808
	30,722	9,105
Support Services:		
Management and General	161,026	123,741
	\$ 542,854	\$ 343,911

NOTE 18.8 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The natural classifications with functional classifications at June 30 are as follows:

	2016						Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships Fellowships and Support Services	Depreciation and Amortization	
Research	\$ 15,890	\$ -	\$ 90,260	\$ -	\$ -	\$ -	\$ 106,150
Student Support	33,215	-	5,409	-	-	-	38,624
Depreciation and Amortization	-	-	-	-	-	-	-
Other	46,837	6,391	254,652	90,200	-	-	398,080
	\$ 95,942	\$ 6,391	\$ 350,321	\$ 90,200	\$ -	\$ -	\$ 542,854

BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 18.8 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS (CONTINUED)

	2015						Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships Fellowships and Support Services	Depreciation and Amortization	
Research	\$ 12,850	\$ -	\$ 58,677	\$ -	\$ -	\$ -	\$ 71,527
Student Support	-	-	7,808	-	-	-	7,808
Depreciation and Amortization	-	-	-	-	-	295	295
Other	32,980	4,403	153,006	73,892	-	-	264,281
	<u>\$ 45,830</u>	<u>\$ 4,403</u>	<u>\$ 219,491</u>	<u>\$ 73,892</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 343,911</u>

NOTE 18.9 DISCONTINUED OPERATIONS

The MountainView dormitory has been accounted for as discontinued operations for the years ended June 30, 2016 and 2015. As of June 30, 2016, the building and land associated with the MountainView dormitory were being actively marketed for sale to a third party. All of the assets and related liabilities of the dormitory are considered to be held for sale in accordance with accounting principles generally accepted in the United States of America. Depreciation and amortization expense associated with discontinued operations was \$248,412 and \$250,911 for the years ended June 30, 2016 and 2015, respectively.

The following is a summary of the change in net assets from discontinued operations for the years ended June 30:

	2016	2015
Rental Income	\$ 477,869	\$ 251,106
Contributions	410,489	100,000
Other income	43,923	69,804
Programs services expense	(961,260)	(940,497)
Support services expense	(30,343)	(100)
Impairment loss	(1,959,865)	-
Change in net assets from discontinued operations	<u>\$ (2,019,187)</u>	<u>\$ (519,687)</u>

**BLUEFIELD STATE COLLEGE
BLUEFIELD STATE COLLEGE RESEARCH AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 18.9 DISCONTINUED OPERATIONS (CONTINUED)

The balance sheet of the discontinued operations is summarized below at June 30:

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 12,860	\$ 19,990
Receivables, net of allowance for doubtful accounts of \$35,033 and \$3,372, respectively	<u>66,043</u>	<u>77,396</u>
Total current assets	<u>78,903</u>	<u>97,386</u>
Property and equipment, net	1,284,000	3,445,376
Intangibles, net	<u>-</u>	<u>46,901</u>
Total assets	<u>\$ 1,362,903</u>	<u>\$ 3,589,663</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 41,034	\$ 131,190
Current portion of long-term debt	<u>80,705</u>	<u>76,396</u>
Total current liabilities	<u>121,739</u>	<u>207,586</u>
Long-term debt, less current portion	<u>1,190,426</u>	<u>1,270,787</u>
Total liabilities	<u>\$ 1,312,165</u>	<u>\$ 1,478,373</u>

NOTE 18.10 MANAGEMENT'S PLAN TO ADDRESS UNRESTRICTED DEFICIENCY IN NET ASSETS AND DECREASED CASH FLOWS

The Corporation has entered into discussions with a potential buyer to sell the MountainView dormitory. All of the assets and related liabilities of the dormitory are considered to be held for sale. During fiscal year 2016, the Corporation recorded an impairment loss to write the dormitory value down to fair value, which approximates the facility's purchase price. As a result of the impairment loss, the Corporation has incurred a significant deficit in unrestricted net assets. The Corporation has historically experienced operating losses from dormitory operations, which would be eliminated going forward with the sale of the facility. Upon sale of the dormitory, the Corporation's primary operational focus will shift to grant administration. Management anticipates a significant decrease in overall expenses and an increase in cash with this shift.

NOTE 18.11 SUBSEQUENT EVENTS

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 5, 2016, the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET
PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2016 AND 2015**

Schedule of Proportionate Share of TRS Net Pension Liability (NPL)

Measurement Date	College's Proportionate Share as a Percentage of Net Pension Liability	College's Proportionate Share	State's Proportionate Share	Total Proportionate Share	College's Covered Employee Payroll	College's Proportionate Share as a Percentage of Covered Payroll	College's Plan Fiduciary Net Position as a percentage of Total Pension Liability
June 30, 2014	0.015989%	\$ 551,643	\$ 1,246,381	\$ 1,798,024	\$ 491,040	112%	65.95%
June 30, 2015	0.016479%	\$ 571,039	\$ 1,303,004	\$ 1,874,043	\$ 495,570	115%	66.25%

TRS Schedule of Contributions

Measurement Date	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2014	\$ 72,747	\$ 73,656	\$ (909)	\$ 491,040	15%
June 30, 2015	\$ 74,933	\$ 80,855	\$ (5,922)	\$ 495,570	16%

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, 2015**

There are no factors that affect trends in the amounts reported, such as a change of benefit terms or assumptions. Additional information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report for the year ended June 30, 2015.



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Governors
Bluefield State College
Bluefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 aggregate discretely presented component units of Bluefield State College (the College), a component unit of the West Virginia Higher Education Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2017. Our report includes a reference to other auditors who audited the financial statements of the Bluefield State College Foundation, Inc. and the Bluefield State College Research and Development Corporation, as described in our report on the College's financial statements. The financial statements of the Bluefield State College Foundation, Inc. and Bluefield State College Research and Development Corporation 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described herein as 2016-001 that we consider to be a significant deficiency.

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*.

Bluefield State College's Response to Findings

The College's response to the finding identified in our audit is described below. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CURRENT YEAR

2016-001 – Federal Grant Receivables and Unearned Revenue

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition

Federal grant receivables and unearned revenue subledgers include amounts with no activity in the current year and some which date back as far as 1997/1998.

Criteria or Specific Requirement

Sound internal control policies under the Committee of Sponsoring Organizations (COSO) framework requires that all accounts be reconciled to their underlying subsidiary ledger or other supporting documentation on a timely periodic basis. Such reconciliations should include a review for stale dated items for timely clearing.

Context

The Veterans Upward Bound grant was closed on 9/30/07 and carried a receivable balance of \$74,029 with no activity in the current year.

Effect

Federal grant accounts receivable and unearned revenue may be overstated for amounts that are uncollectible or no longer available for spending.

Cause

Reconciliation procedures do not include a review of stale or old amounts for resolution.

Auditors' Recommendation

We recommend the College review Federal grant accounts receivable and unearned revenue subledgers to ensure that only collectible amounts are recorded as receivable and that unearned revenue balances are still within the period of availability for spending. Any amounts deemed uncollectible or not spendable should be written off or returned to the respective agencies, as applicable.

Views of responsible officials and planned corrective actions:

Bluefield State College considers any concerns brought forward by the independent auditors important. Personnel at the institution have worked on correcting some balances in some of the grants in previous years and ongoing. Finance personnel will make a concentrated effort in the next months to correct other outstanding balances.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 31, 2017

Board of Governors
Bluefield State College
Bluefield, West Virginia

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Bluefield State College (the "College") as of and for the year ended June 30, 2016, and have issued our report thereon dated January 31, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bluefield State College are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2016.

We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on an evaluation of the underlying account, contract, grant, and loan balances; the historical collectability experienced by the University on such balances; and such other factors that, in the University's judgment, require consideration in estimating doubtful accounts. We evaluated the key factors and assumptions used to develop the allowances in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to estimate the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Qualitative aspects of accounting practices (continued)

Accounting estimates (continued)

- Management's estimate of the compensated absences liability is based on current and historical information available to management. We evaluated the key factors and assumptions used to develop the compensated absences liability estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the other postemployment benefits liability is based upon the third-party trust fund's actuarial determination of the annual required contribution which is billed to the College. We evaluated the key factors and assumptions used to develop the compensated absences liability estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability is based on an actuarial computed amount. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

The completion of our audit was delayed due to the following matters, also communicated to you in our letter dated October 27, 2016.

- The implementation of GASB Statement Nos. 68 and 71 require all the entities that make up the West Virginia Higher Education Fund (Fund) to report their share of the defined benefit pension liabilities and expense, as well as related deferred outflows and inflows of resources, allocated to it by the West Virginia Teachers Retirement System (TRS). TRS has had delays in providing the required audited information needed for the entities that make up the Fund to properly record and disclose the amounts. The TRS is a separate legal entity outside the control of the Fund or the College.
- Bluefield State College, draft financial statements and underlying books and records were not available to be audited until October 24, 2016.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2017.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated January 31, 2017 communicating internal control related matters identified during the audit.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained

during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * * * *

This communication is intended solely for the information and use of the Board of Governors and management of Bluefield State College, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 31, 2017



January 31, 2017

CliftonLarsonAllen LLP
610 West Germantown Pike
Plymouth Meeting, PA 19462

This representation letter is provided in connection with your audits of the financial statements of Bluefield State College (the "College"), which comprise the respective net position of the business-type activities and the aggregate discretely presented component units as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of January 31, 2017, the following representations made to you during your audits of the financial statements as of and for the years ended June 30, 2016 and 2015.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 4, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge and have fulfilled our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates and the significant assumptions used in making those accounting estimates are reasonable
- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

BLUEFIELD CAMPUS

219 Rock Street Bluefield, WV 24701 (304) 327-4000 (304) 325-7747 (FAX)
TOLL-FREE IN WV (800) 344-8892 IN VA, DC, OH, NC, KY AND PARTS OF MD, PA (800) 654-7798

- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.
- We believe that all material expenditures that have been deferred to future periods will be recoverable.
- Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- Complete minutes of the meetings of the Board of Governors and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
- All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

- The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Bluefield State College, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- The College has complied with all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. Federal awards, received directly from federal agencies or indirectly as a subrecipient, were expended in an amount that cumulatively totals from all sources \$750,000 or more. We are part of the West Virginia Higher Education Fund, which is a component unit of the State. As such, the federal funding is audited during the State's single audit.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

- The financial statements properly classify all funds and activities.
- Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.
- Investments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- Interfund, internal, and intra-College activity and balances have been appropriately classified and reported.
- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- We have appropriately disclosed the College's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We have appropriately disclosed the College's accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature:  Title: President

Signature: Shelia Johnson Title: Vice Pres. Fin + Adm. Affairs

**BOARD OF GOVERNORS
BLUEFIELD STATE COLLEGE
December 8, 2016**

MINUTES

Members Present: Deirdre Guyton, Dr. Norman Mirsky, Anne Taylor-Lantry (via conference call), Jerry Perdue, Norris Kantor, Esq., Bob Buzzo (arrived at approximately 7:15 p.m.), Reverend Garry Moore, and Charlie Cole.

President's Staff: Dr. Marsha Krotseng, Dr. Tracey Anderson, Dr. Angela Lambert, Shelia Johnson, Tom Cook, John Lewis, Jonette Aughenbaugh, Dr. Guy Sims, Dr. Jo-Ann Robinson, and Jim Nelson.

Guests: Carolyn Kirby, Jim Schlimmer, Nicole Ballard, Dr. Luciano Picanco, Cole Sulmonetti, Louis Belt, Randy Carroll, Shelia Hallman-Warner, Jason Brooks, Michelle Noe, Billy Stone, Amanda Sears, and Amanda Matoushek.

Welcome and Call to Order – Vice Chairman Garry Moore

In the absence of Chairman Perkinson, Vice Chairman Moore called the meeting to order at 6:32 p.m. and welcomed all in attendance.

Public Comment Period

No one signed up to speak during the Public Comment Period. Therefore, the meeting continued with the next scheduled agenda item.

Recognition of BSC Golf Team – Vice Chairman Garry Moore

The BSC Golf Team was unable to attend the Board meeting due to final exams. Therefore, recognition of the BSC Golf Team has been rescheduled to take place at the February 2017 BSC Board of Governors meeting.

Oath of Office for New Board Member

Charlie Cole was given the Oath of Office and sworn in as a new Board member.

Vice Chair's Remarks – Vice Chairman Garry Moore

Vice Chairman Moore stated that he had no additional remarks at this time.

President's Report – Dr. Marsha Krotseng

Dr. Krotseng provided an update on the status of the budget. Dr. Krotseng stated that she and Ms. Johnson had a good meeting with the college budget committee several weeks ago. She anticipates further meetings after the start of the year.

Dr. Krotseng addressed a number of items, including the importance of proactively communicating with legislators and civic leaders, the need for transparency and communication (she has invited the Chairs of the Classified Staff Council and Faculty

Senate to meet with the Cabinet in February), her intent to update the campus on the Provost position in early January, status of the Master Plan, BSC's new tag line: Reach New Heights, and the ABET visit. She expressed thanks to the Engineering Technology students and Maintenance Staff who designed and put up the Christmas decorations seen around campus.

Dr. Krotseng noted that this will be the last Board meeting Jim Nelson will attend in his official capacity due to his impending retirement, and that he will be missed. Mr. Nelson stated that the mission of the institution is noble, and that it had been an honor to serve Bluefield State College. Mr. Nelson received a round of applause from those attending the meeting. An Interim Director of Media Relations will begin on January 3, 2017.

BSC Staff Presentation – Ms. Carolyn Kirby

Ms. Kirby expressed thanks to the Board of Governors for the opportunity to share the Classified Staff's hopes and challenges for the future. Several weeks ago, Ms. Kirby sent out an e-mail to Classified employees asking them to name two concerns and two positives occurring at Bluefield State. Ms. Kirby shared the positives first. They are as follows: The President has made an effort to keep the campus informed, the attitude of the staff seems to be more student oriented, the College is more focused on academics, efforts are being made to improve retention, including webinars, academic advising, and early alerts. BSC graduates seem to be doing well in the job market, and the various student organizations that represent BSC are a breath of fresh air. Student Organizations specifically mentioned include the Biomedical Club, International Student Organization, and the Robotics Team. Ms. Kirby stated that BSC has a strong core spirit. She stated that Classified Staff Council wants to continue to be a part of the success at BSC.

Ms. Kirby stated areas of concern provided to her by members of the Classified Staff include the viability of a residence hall, need for new programs, importance of increasing enrollment, tools for online students to succeed, meeting the needs of students face to face, the amount of time the new website is covered by a license, the number of employees retiring in recent years, college budget and finances, and bullying. Discussion followed.

Ms. Kirby expressed thanks to the Board of Governors for their time.

Approval of Minutes of October 20, 2016 Meeting

The first action item was approval of the minutes from the October 20, 2016 meeting. Dr. Mirsky made a motion to approve the minutes from the October 20, 2016 meeting. The motion was seconded by Mr. Kantor. The motion carried.

Financial Report and Update – Ms. Shelia Johnson

Ms. Johnson reported on the financial information provided to members of the Board in the meeting materials packet. Ms. Johnson stated that BSC will have a Mercer County School intern in the finance area beginning in January.

Ms. Johnson reported on the budget and the College's current finances. Discussion followed.

Recommendation on Policy 60: Awarding Undergraduate College Credit for Prior Learning – Dr. Tracey Anderson

Dr. Anderson stated that the Board of Governors' approval of Policy 60 to be distributed for 30-day comment is sought. Mr. Perdue made a motion to approve Policy 60 to be distributed for 30-day comment, and, if no substantive comments are received, for final approval. Mr. Kantor seconded the motion. The motion carried.

Curriculum Modifications – Dr. Angela Lambert

Dr. Lambert reported on the new entrepreneurship certificate. The first courses are scheduled in spring. With regard to the School of Engineering Technology and Computer Science, Dr. Shannon Bowling is working on a general engineering degree proposal.

Suspension of B.S. in Architectural Engineering Technology

Dr. Lambert recommends a suspension of the B.S. in Architectural Engineering Technology degree due to low enrollment. Mr. Kantor made a motion to approve suspension of the B.S. in Architectural Engineering Technology degree. Mr. Buzzo seconded the motion. The motion carried.

Progress Toward Strategic Plan – Dr. Tracey Anderson

Dr. Anderson reported on the Strategic Plan covering the time frame from July 1st to November 1st. She expressed kudos to the Biomedical Club. Also, the default rate has been reduced. BSC will be offering dual credit courses to students.

Recruitment and Retention Update – Dr. Jo-Ann Robinson

Dr. Robinson reported on several items provided to the Board of Governors in the meeting materials packet. With regard to recruitment, one strategy is to increase the number of campus visits. Another strategy is purchasing names. BSC is reaching out to admitted and recruited students. Discussion followed.

With regard to retention, Dr. Robinson reported that Dr. Tammy Ferguson continues to reach out to students. Dr. Robinson expressed thanks to members of the faculty and staff who have assisted in getting students registered.

Dr. Lambert reported on a dual credit initiative with Mercer County Schools. She stated that BSC has shot footage for three commercials that will air on television during WVU and VT games and eighteen different bowl games. BSC commercials will air on various television network channels between January 1, 2017 – March 26, 2017. Dr. Lambert stated that BSC will also be doing some geo-fencing.

Possible Executive Session Under the Authority of WV Code § 6-9A4(b)(2)(A) for Review of Presidential Evaluation

Vice Chairman Moore stated that the Executive Session to review the Presidential Evaluation will take place at a future Board of Governors meeting.

Adjournment

Vice Chairman Moore wished members of the Board and all those present a Merry Christmas, a Happy New Year, and a happy holiday season. Mr. Perdue made a motion to adjourn the Board meeting. Mr. Kantor seconded the motion. The motion carried. The meeting adjourned at approximately 8:20 p.m.

Respectfully submitted,
Sara Anderson

Robert E. Perkinson, Jr.

BLUEFIELD STATE COLLEGE
 BUDGET VS ACTUAL (STATE ACCOUNTS)
 FISCAL YEAR 17, AS OF
 DECEMBER 31, 2016
 CASH BASIS*

UPDATED 01/17/2017

DESCRIPTION	BUDGETED 2017 FY	% OF BUDGETED	ACTUAL 12/31/2016	% OF ACTUAL	% OF BUDGET
BEGINNING CASH 07/01/16			819,795		
ADDITIONS:					
REVENUE					
STATE APPROPRIATIONS	5,636,862	24.54%	2,367,482	23.58%	42.00%
TUITION & FEES	10,103,028	43.99%	3,851,735	38.37%	38.12%
CAPITAL FEES	650,000	2.83%	379,000	3.78%	58.31%
SALES & SERVICES	85,000	0.37%	32,295	0.32%	37.99%
GRANTS & CONTRACTS	5,754,970	25.06%	2,992,408	29.81%	52.00%
INVESTMENT EARNINGS	2,000	0.01%	2,847	0.03%	142.35%
AUXILIARY	853,000	3.71%	470,842	4.69%	55.20%
DEBT ASSESSMENT	(46,611)	-0.20%	(23,306)	-0.23%	50.00%
HERA ASSESSMENT	(69,802)	-0.30%	(33,643)	-0.34%	48.20%
TOTAL REVENUES	22,968,447	100.00%	10,039,660	100.00%	43.71%
DEDUCTIONS:					
EXPENDITURE					
PERSONAL SERVICES	12,101,153 *	52.86%	5,583,682	54.04%	46.14%
EMPLOYEE BENEFITS	3,068,900	13.40%	1,454,290	14.08%	47.39%
CURRENT EXPENSE	4,490,000	19.61%	1,808,349	17.51%	40.28%
REPAIRS/ASSETS/BLDG CONSTRUCTION	960,000	4.19%	255,935	2.48%	26.66%
SCHOLARSHIP, AWARDS	2,274,000	9.93%	1,227,865	11.89%	54.00%
TOTAL EXPENDITURES	22,894,053	100.00%	10,330,121	100.00%	45.12%
ENDING CASH AND IN TRANSIT 12/31/2016			529,334		
LESS: ENCUMBRANCES			(62,298)		
Balance (Cash Less Encumbrances)			467,036		

*Fees and personal services inflated by \$950,000 due to personal services vacancies held.

**BLUEFIELD STATE COLLEGE
ACTUAL COMPARISON
DECEMBER, 2017 VS 2016
CASH BASIS***

UPDATED 02/13/2017

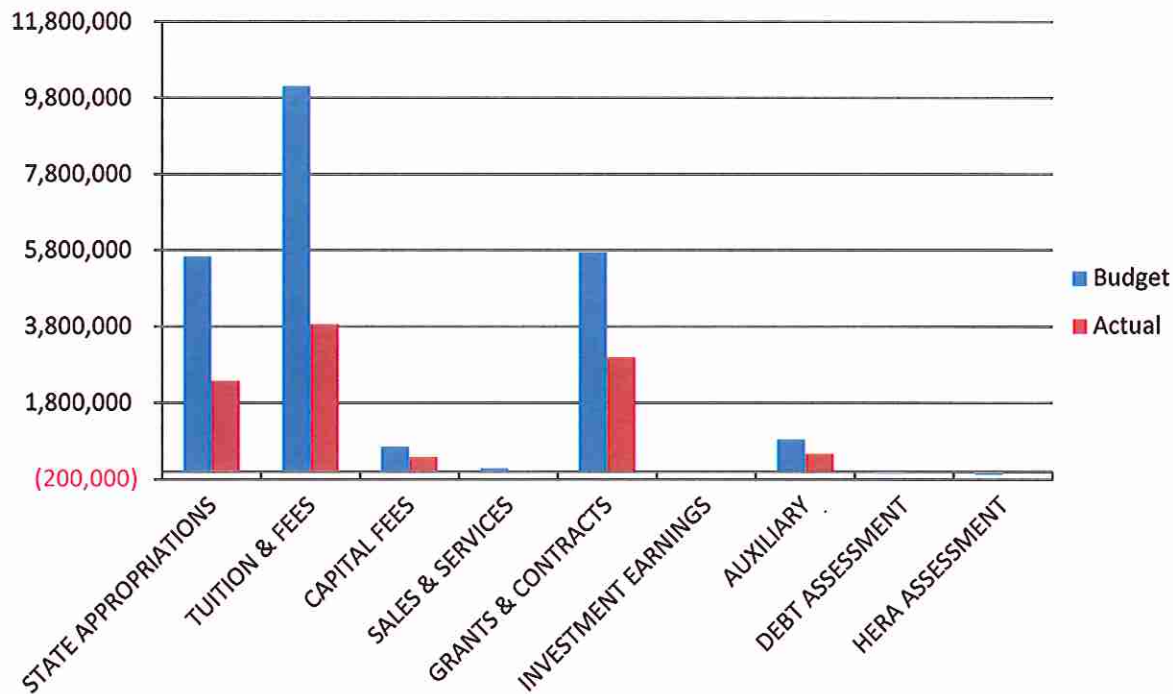
DESCRIPTION	ACTUAL 2016FY	ACTUAL 2017FY	DIFFERENCE	% OF BUDGETED
REVENUE	1,512,115.00	819,795.00	692,320.00	
STATE APPROPRIATIONS	2,442,350 *	2,367,482	(74,868)	-3.07%
TUITION & FEES	3,997,132	3,851,735	(145,397)	-3.64%
CAPITAL FEES	325,960	379,000	53,040	16.27%
SALES & SERVICES	42,879	32,295	(10,584)	-24.68%
GRANTS & CONTRACTS	2,780,489	2,992,408	211,919	7.62%
INVESTMENT EARNINGS	1,170	2,847	1,677	143.33%
HERA ASSESSMENT	(34,901)	(33,643)	1,258	-3.60%
AUXILIARY	571,534	470,842	(100,692)	-17.62%
DEBT ASSESSMENT	(55,396)	(23,306)	32,090	-57.93%
TOTAL REVENUES	10,071,217	10,039,660	(31,557)	-0.31%
<u>DEDUCTIONS:</u>				
EXPENDITURE				
PERSONAL SERVICES	5,738,266	5,583,682	(154,584)	-2.69%
EMPLOYEE BENEFITS	1,370,310	1,454,290	83,980	6.13%
CURRENT EXPENSE	2,122,565	1,808,349	(314,216)	-14.80%
REPAIRS/ASSETS/BLDG CONSTRUCTION	589,226	255,935	(333,291)	-56.56%
SCHOLARSHIP, AWARDS	1,352,229	1,227,865	(124,364)	-9.20%
TOTAL EXPENDITURES	11,172,596	10,330,121	(842,475)	-7.54%
ENDING CASH AND IN TRANSIT 12/31/2015-2016	410,736.00	529,334.00		
LESS: ENCUMBRANCES	(412,211.00) **	(62,298.00)		
BALANCE (Cash Less Encumbrances)	(1,475.00)	467,036.00		

BLUEFIELD STATE COLLEGE
ENCUMBRANCES SUMMARY
DECEMBER 31, 2016

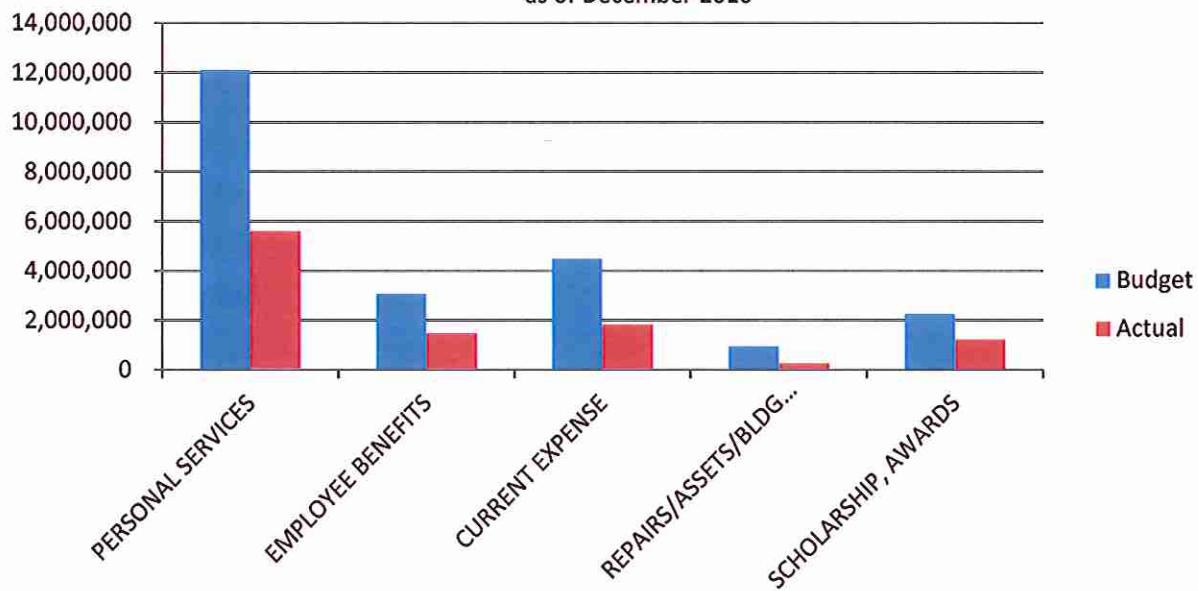
UPDATED 01/17/2017

PO #	NAME	TOTAL FUND
BSC375	ORACLE ELEVATOR CO	(6,924.00)
BSC395	LANE ENGINEERING	0.00
BSC406	THOMPSON & LITTON OF WV INC	(55,374.00)
		<hr/>
	GRAND TOTAL ENCUMBRANCES	<u>(62,298.00)</u>

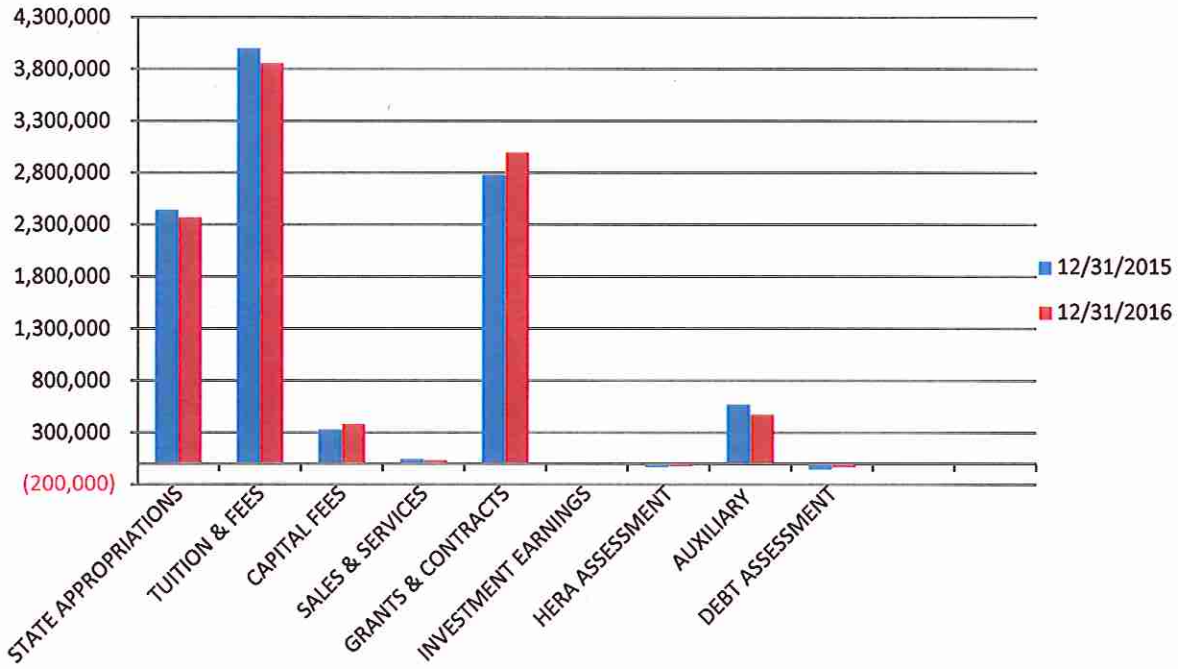
Bluefield State College
2017 Budget vs Actual Revenue
as of December 2016



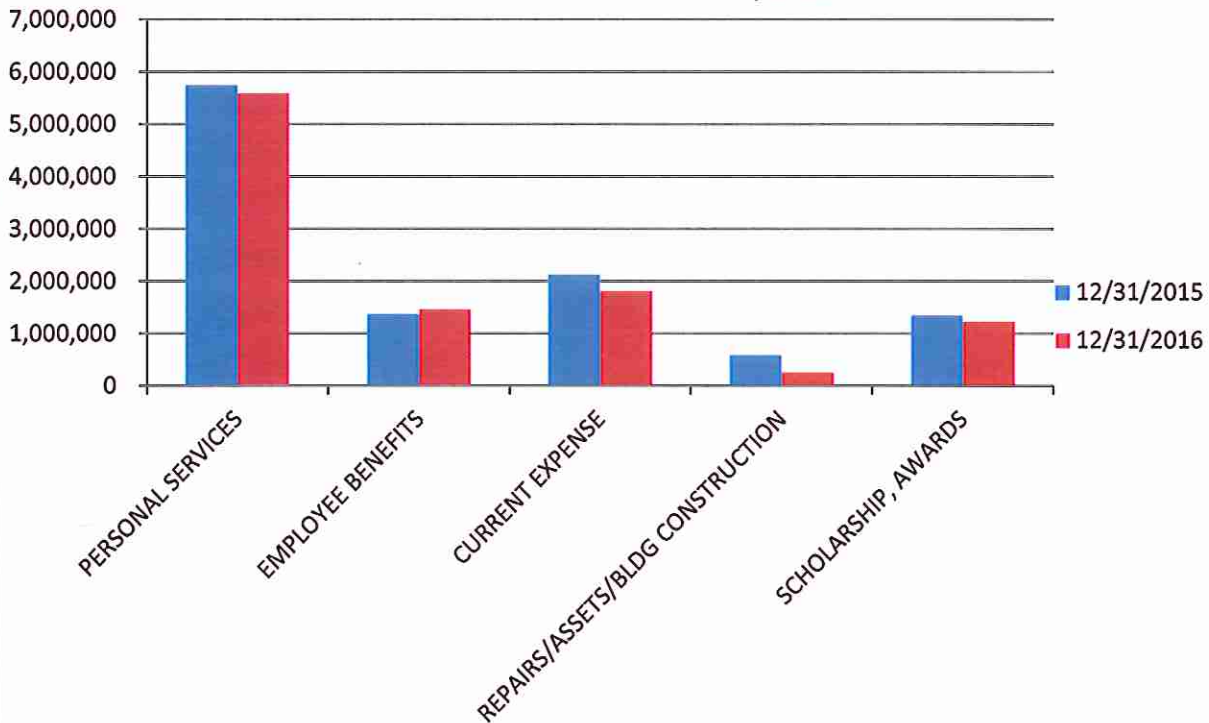
Bluefield State College
2017 Budget vs Actual Expenditures
as of December 2016



Bluefield State College
Actual vs Actual
Dec 2015 vs Dec 2016 Revenue



Bluefield State College
Actual vs Actual
Dec 2015 vs Dec 2016 Expenditures



BLUEFIELD STATE COLLEGE
 FEDERAL FINANCIAL AID BALANCES
 FISCAL YEAR 2017
 AS OF DECEMBER 31, 2016

DESCRIPTION	PELL	DIRECT LOAN	SEOG	TOTAL 10/31/2016
BEGINNING CASH 07/01/16	633.29	9,970.54	0.82	10,604.65
<u>ADDITIONS:</u>				
REVENUE	1,851,686.64	2,980,896.78	35,440.00	4,868,023.42
TOTAL REVENUES	1,851,686.64	2,980,896.78	35,440.00	4,868,023.42
<u>DEDUCTIONS:</u>				
AWARDS & LOANS	1,905,586.00	3,059,763.00	35,440.00	5,000,789.00
Redeposits	(38,052.00)	(56,703.00)		(94,755.00)
Recoveries	(15,217.00)	(19,278.00)		(34,495.00)
TOTAL EXPENDITURES	1,852,317.00	2,983,782.00	35,440.00	4,871,539.00
ENDING CASH 12/31/2016	2.93	7,085.32	0.82	7,089.07
2016FY TOTALS				
TOTAL EXPENDITURES	4,374,706.00	8,103,731.00	53,701.00	12,532,138.00
% OF FINANCIAL AID 2017FY COMPARED TO 2016FY	42.34%	36.82%	66.00%	38.87%

BLUEFIELD STATE COLLEGE
SUMMARY COMPARISON
DECEMBER 31, 2015 TO DECEMBER 31, 2016

UPDATED 02/13/2017

LINE ITEM	ACCOUNT	DESCRIPTION	2016	2017	DIFFERENCE
PERSONAL SERVICES					
001	1200	Personal Services	5,575,500.00	4,435,246.00	(1,140,254.00)
001	1201	Personal Service Temp Pos (W/O P)		985,349.00	985,349.00
003	1202	Payroll Reimbursement			
001	1203	Overtime		2,158.00	2,158.00
004	1206	Annual Increment	162,911.00	160,929.00	(1,982.00)
004	1209	Classified	(145.00)		145.00
		TOTAL PERSONAL SERVICES	5,738,266.00	5,583,682.00	(154,584.00)
FRINGE BENEFITS					
010	2200	Pers. Div & Public Employees Ins.	9,358.00	9,150.00	(208.00)
011	2202	Social Security Matching	405,706.00	394,728.00	(10,978.00)
012	2203	Public Employees Insurance	437,473.00	498,236.00	60,763.00
013	2204	Other Health Insurance			
014	2205	Worker's Compensation	23,749.00	44,237.00	20,488.00
015	2206	Unemployment Compensation		1,293.00	1,293.00
016	2207	Pension & Retirement	327,284.00	316,712.00	(10,572.00)
160	2208	WV OPEB Contributions	166,740.00	189,934.00	23,194.00
		TOTAL FRINGE BENEFITS	1,370,310.00	1,454,290.00	83,980.00
CURRENT EXPENSE					
020	3200	Office Expense	63,571.00	45,983.00	(17,588.00)
021	3201	Printing	17,424.00	7,711.00	(9,713.00)
022	3202	Rental	810.00	104,728.00	103,918.00
023	3203	Utilities	47,621.00	47,687.00	66.00
024	3204	Telecommunications	23,991.00	25,795.00	1,804.00
024	3205	Internet Service	425.00		(425.00)
025	3206	Contractual Services	42,265.00	5,216.00	(37,049.00)
025	3207	Professional Services	222,782.00	240,672.00	17,890.00
025	3208	Consultants and Consulting Fees	1,027.00		(1,027.00)
025	3209	Security Service	101.00	716.00	615.00
025	3210	Research, Educational, Medical	1,254.00		(1,254.00)
026	3211	Travel Employee	72,529.00	65,699.00	(6,830.00)
026	3212	Travel Non Employee	1,028.00	151.00	(877.00)
027	3213	Computer Services Internal	106,576.00	20,206.00	(86,370.00)
027	3214	Computer Services External	45,652.00	50,157.00	4,505.00
029	3216	Vehicle Rental	5,001.00	1,756.00	(3,245.00)
030	3217	Rentals (Machine & Miscellaneous)	5,407.00	3,135.00	(2,272.00)
031	3218	Association Dues	56,865.00	66,348.00	9,483.00
032	3219	Fire, Auto, Bond & Other Insurance	85,029.00	68,376.00	(16,653.00)
033	3220	Food Products	1,112.00	1,044.00	(68.00)
034	3221	Clothing Supplies	22,795.00	21,036.00	(1,759.00)
034	3222	Household Supplies	35,183.00	23,367.00	(11,816.00)
035	3224	Advertising & Promotional	46,150.00	21,803.00	(24,347.00)
036	3225	Vehicle Operating Expense	22,457.00	11,642.00	(10,815.00)
037	3226	Research Supplies	755.00	51,273.00	50,518.00
037	3227	Educational Supplies	64,344.00	30,577.00	(33,767.00)
037	3228	Medical Supplies	8,652.00	14,909.00	6,257.00
038	3229	Routine Maintenance Contracts/Warranties	76,655.00	53,696.00	(22,959.00)
039	3230	Manufacturing Supplies			
040	3231	Merchandise for Resale	209,163.00	271,471.00	62,308.00
041	3232	Cellular Charges	8,638.00	9,278.00	640.00
042	3233	Hospitality	15,715.00	15,363.00	(352.00)
043	3234	Educational Training (Stipends)	750.00	2,111.00	1,361.00
044	3235	Energy Exp Motor Vehicles/Aircraft	19,590.00	13,192.00	(6,398.00)
045	3236	Farm Expense			
046	3237	Subsistence			
047	3238	Energy Expense Utilities	319,456.00	212,485.00	(106,971.00)
051	3241	Miscellaneous	177.00	930.00	753.00
052	3242	Training & Development In State	18,045.00	11,805.00	(6,240.00)
052	3243	Training & Development Out of State	35,450.00	44,899.00	9,449.00

BLUEFIELD STATE COLLEGE
SUMMARY COMPARISON
DECEMBER 31, 2015 TO DECEMBER 31, 2016

UPDATED 02/13/2017

LINE ITEM	ACCOUNT	DESCRIPTION	2016	2017	DIFFERENCE
053	3244	Postage	41,459.00	14,537.00	(26,922.00)
053	3245	Freight	8,734.00	9,133.00	399.00
054	3246	Computer Supplies	8,885.00	19,484.00	10,599.00
054	3247	Software License	145,963.00	69,200.00	(76,763.00)
054	3248	Computer Equipment	92,377.00	78,017.00	(14,360.00)
054	3249	Office Equipment Current Expenses	16,198.00	3,903.00	(12,295.00)
056	3250	Attorney Legal Services Payments			
057	3251	Attorney Reimbursable Expenses			
058	3252	Miscellaneous Equipment Purchases	41,821.00	14,828.00	(26,993.00)
059	3253	Student Activities	51,884.00	23,667.00	(28,217.00)
080	3254	Payment of Taxes	96.00	136.00	40.00
081	3255	Payment of Claims and Settlements			
083	3258	Scholarships	1,352,229.00	1,227,865.00	(124,364.00)
089	3263	Bank Costs	10,404.00	10,095.00	(309.00)
096	3267	Other Interest and Penalties			
175	3324	WVSTO	299.00	135.00	(164.00)
175	3293	Medical Service Payments			
		TOTAL CURRENT EXPENSE	3,474,794.00	3,036,217.00	(438,577.00)
		REPAIRS AND ALTERATIONS			
061	6100	Office Repair	1,722.00	287.00	(1,435.00)
061	6101	Communication Equipment Rep	1,122.00		(1,122.00)
062	6102	Research, Ed & Med Equip Rep	48.00	22.00	(26.00)
063	6103	Building & Household Equipment Repair	153,750.00	80,276.00	(73,474.00)
064	6104	Routine Maintenance of Buildings	181,987.00	59,758.00	(122,229.00)
065	6105	Vehicle Repairs	1,000.00	3,879.00	2,879.00
066	6106	Routine Maintenance of Grounds	20,200.00	46.00	(20,154.00)
067	6107	Farm & Construction Equipment Repairs	11,982.00	3,301.00	(8,681.00)
068	6108	Other Repairs and Alterations	4,138.00	1,748.00	(2,390.00)
		TOTAL REPAIRS AND ALTERATIONS	375,949.00	149,317.00	(226,632.00)
		ASSETS			
070	5200	Office Equipment Assets	702.00		(702.00)
070	5201	Communication Equipment Assets			
071	5202	Medical Equipment	97,250.00		(97,250.00)
072	5203	Research & Educational Equipment			
073	5204	Household Equipment & Furnishings	37,301.00		(37,301.00)
074	5205	Building Equipment			
075	5206	Vehicles			
076	5207	Li vestock, Farm & Const. Equipment	25,093.00		(25,093.00)
077	5208	Books & Periodicals	263.00	12,149.00	11,886.00
078	5209	Other Capital Equipment			
170	5210	Computer Equipment	8,102.00		(8,102.00)
092	7400	Building Construction			
143	7401	Building Improvements	882.00		(882.00)
150	7402	Building Purchases			
120	8200	Consultant Pay for Cap Asset Project			
121	8201	Purchase of Materials & Supplies	4,941.00	2,079.00	(2,862.00)
122	8202	Consultant Pay for Cap Asset Project			
171	8203	Computer Software	24,195.00	90,900.00	66,705.00
144	6200	Reclamation of State Owned Property			
148	6201	Land Improvements	14,548.00	1,490.00	(13,058.00)
149	6202	Land Purchases			
		TOTAL ASSETS	213,277.00	106,618.00	(106,659.00)
		GRAND TOTAL	11,172,596.00	10,330,124.00	(842,472.00)

Board of Governors
Bluefield State College
Financial and Administrative Affairs Update
For Board Meeting February 16, 2017

Listed below are updates to various functions related to the Financial and Administrative Affairs unit of Bluefield State College.

FINANCIAL

- The financial forecast for the State of WV continues to be bleak. We are constantly watching and listening to state information related to funding.
- In addition, the College is continuing to experience a shortfall. Many, many meetings have taken place with various strategies implemented to reduce expenditures and improve revenues. Two campus wide meeting occurred the week of February 6, with a total of 91 full time employees attending, and 14 employees attending both meetings. The purpose of the meetings was to update the campus community on the status of finances of the institution; ideas to recover the estimated \$75,000 shortfall for 2017FY.
- Planning strategies for fiscal year 2018 have begun.
- CliftonLarsonAllen, our financial auditors, have completed their audit work. There are some recommended improvements in processes and information in which financial staff are working on.
- Suttle & Stalnaker (subcontracted through Ernst and Young) have completed BSC's part of the statewide Single Audit process. This audit focuses on federal programs which primarily comprises federal financial aid and is required annually by the U.S. Department of Education.
- A few finance positions will be advertised in the near future. Emphasis will be on process improvement along with cross training. The new OASIS Finance system as well as the new OASIS Payroll system requires much more personnel time than previous systems.

FACILITIES

- Plans continue for new student housing and parking complex on campus. Eide Bailey was on campus for two days in December. In the last few days, additional information has been requested related to the financial proformas prepared by Brailesford and Dunlavey in consultation with

Raymond James. We expect the financial feasibility portion to be complete in the next few weeks. The USDA application is nearing completion.

- We have some funds raised through the BSC Foundation for the Student Center patio. We are evaluating the best use of these funds and have estimates to repair or replace the patio.
- Normal life for roofs on campus is 20 years. Conley Hall, Library, and Basic Science Auditorium are at the 20 year limit (replaced in 1996). When funds become available, we need to replace these roofs.
- Our trade worker lead person has retired the end of February. We have updated two trade workers job descriptions. Once finalized, we will be advertising a few vacant facilities positions. The vacancies are the result of retirements.

BOOKSTORE

- We advertised the position of Bookstore Manager in January and expect it to be filled in March.
- Bookstore personnel have been busy closing out the book purchases for spring semester and ordering materials for graduation such as nursing pins, radiology pins, caps and gowns, announcements, etc. This time of year also generates increased sales related to clothing and BSC promotional items.

COMMUNICATIONS

- Communications staff performs various functions to support the institution. Attached are responsibilities of the communications area.

Board of Governors
Bluefield State College
F&A Update: Communications Responsibilities
For Board Meeting February 16, 2017

Phones:

- Installation and repair of phone systems that support both Bluefield and Beckley campuses, and ongoing requests for changes on campus. This also includes the local dialing network we have between the campuses, and long distance carrier rates to outside the college. Continuous negotiating/renegotiating long distance rate.
- Installation and maintenance of all phones near the AED's (automated external defibrillator).
- Installation, maintenance, ongoing testing of all emergency phones in parking lots/roadway areas on campus.
- Installation, maintenance, ongoing testing of all emergency phones in elevators on campus.
- Coordinating all BSC cellular phones utilized by employees, and continuous negotiation of pricing.

Emergency speaker system:

- Installation and maintenance of emergency speaker system throughout the Bluefield campus, which is in each building. The system can be accessed via telephone, for the entire campus or individual building for emergency use only for special announcements.

Surveillance cameras:

- Installation, upgrading, and continuous review of campus cameras, both interior and exterior across the campus. BSC currently has in excess of 110 cameras across campus.

Computer wiring/fiber connections:

- Fiber connections/pathway to outside-continually accessing needs for bandwidth and negotiating rates with carriers.

Other duties:

- Installation and support for electronic communication devices such as 2 electronic marquees on campus, 4 TV's at Mercer Mall, and TV's in each building on campus.
- Support for campus in relation to Comcast services and negotiated rates.
- Evaluation of ways to save funds, both at BSC and BSC R&D Mountain View, relate to communications and Comcast.



Bluefield State College

OFFICE OF THE PRESIDENT
(p) 304.327.4030
(f) 304.327.4581

Resolution

Item: Giving Levels for Naming Opportunities

Recommended Resolution: *Resolved*, that the Bluefield State College Board of Governors approves addition of the proposed giving levels for naming opportunities to include naming opportunities for residence halls.

Staff Member: Ms. Betty Carroll
Director of Institutional Advancement and Planning

Background: The giving levels for naming opportunities that were approved by the Board of Governors in April, 2011 are being expanded to include naming opportunities for residence halls in anticipation of a capital campaign to implement BSC's Master Plan.

REACH NEW HEIGHTS

219 Rock Street | Bluefield, WV 24701

Toll-free in WV 800.344.8892 | In VA, DC, OH, KY and parts of MD and PA 800.654.7798



Giving Levels for Naming Opportunities

Academic Units

School	\$600,000 - \$1 million
Department	\$100,000 - \$300,000
Program	\$50,000 - \$100,000

Buildings & Facilities

New Construction	Minimum of 25% projected total cost
Renovation	Named structures will not be renamed

Lecture Halls/ Auditoria	\$100,000 - \$500,000
Electronic Classroom	\$100,000 - \$200,000
Distance Learning Classroom	\$50,000 - \$100,000
Laboratories	\$25,000 - \$200,000
Meeting/ Seminar Rooms	\$25,000 - \$100,000
Student Lounges	\$50,000 - \$250,000
Public Spaces (Lobbies, Courtyards)	\$10,000 - \$50,000
Athletic Facilities	Variable according to scale

Residence Halls

New Construction	Minimum of 25% projected total cost or significant contribution
Floors	\$100,000
Lounges	\$50,000
Study Rooms	\$25,000
Apartments	\$15,000
Rooms	\$10,000

Faculty Positions

Chair	\$1 million
Visiting Chair	\$500,000
Professorship	\$250,000
Fellowship	\$100,000

Lecture Series	\$25,000
Endowed Scholarship	\$5,000

REACH NEW HEIGHTS

219 Rock Street | Bluefield, WV 24701

Toll-free in WV 800.344.8892 | In VA, DC, OH, KY and parts of MD and PA 800.654.7798



Resolution

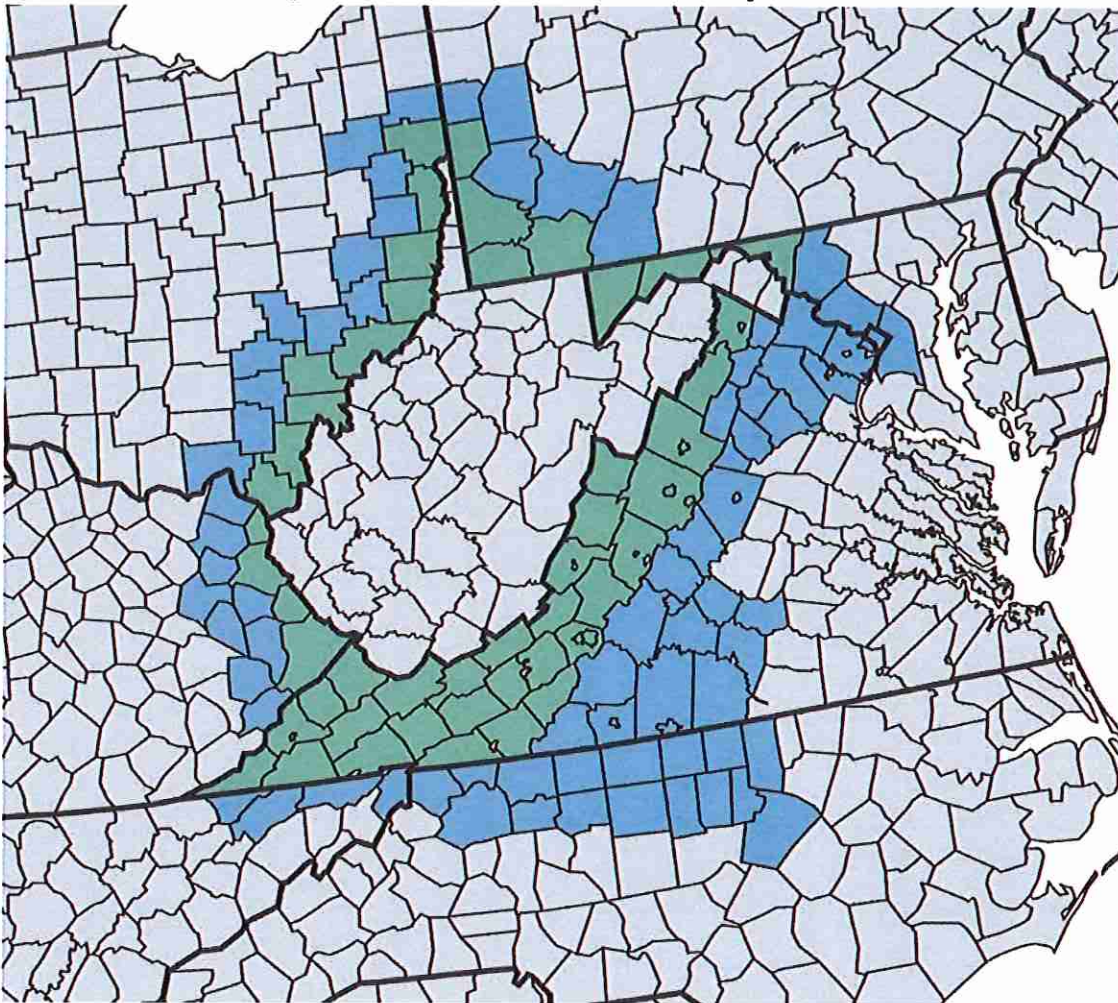
Item: Metro Rate Expansion

Recommended Resolution: *Resolved*, that the Bluefield State College Board of Governors approves the expansion of the metro rate to the additional counties as proposed.

Staff Member: Dr. Jo-Ann Robinson
Vice President for Student Affairs and Enrollment Management

Background: Bluefield State currently offers a metro tuition rate to students from 48 counties surrounding West Virginia. This rate is halfway between the tuition rates charged to West Virginia residents and out-of-state students. An expansion of the number of counties eligible for the metro rate is recommended as a means of increasing enrollment. The following pages outline the additional counties that are proposed.

Proposed Metro Rate Expansion



Maryland	Ohio	Pennsylvania	Virginia*	Tennessee	North Carolina	Kentucky	
Alleghany	Athens	Allegheny	Albemarle	Henry	Hancock	Alamance	Boyd
Frederick	Belmont	Beaver	Alleghany	Highland	Hawkins	Allegheny	Carter
Garrett	Carroll	Butler	Amherst	Lee	Johnson	Ashe	Elliott
Montgomery	Columbiana	Fayette	Appomattox	Loudoun	Sullivan	Caswell	Floyd
Prince George's	Gallia	Greene	Augusta	Madison		Durham	Greenup
Washington	Guernsey	Lawrence	Bath	Montgomery		Forsyth	Johnson
	Harrison	Somerset	Bedford	Nelson		Granville	Knott
	Hocking	Washington	Bland	Page		Guilford	Lawrence
	Jackson	Westmoreland	Botetourt	Patrick		Orange	Letcher
	Jefferson		Buchanan	Pittsylvania		Person	Magoffin
	Lawrence		Campbell	Prince Edward		Rockingham	Martin
	Mahoning		Carroll	Prince William		Stokes	Morgan
	Meigs		Charlotte	Pulaski		Surry	Pike
	Monroe		Clarke	Rappahannock		Wake	
	Morgan		Craig	Roanoke		Wilkes	
	Noble		Culpepper	Rockbridge		Yadkin	
	Perry		Dickenson	Rockingham			
	Scioto		Fairfax	Russell			
	Stark		Fauquier	Scott			
	Vinton		Floyd	Shenandoah			
	Washington		Franklin	Smyth			
			Frederick	Tazewell			
			Giles	Warren			
			Grayson	Washington			
			Greene	Wise			
			Halifax	Wythe			

= Current BSC Metro Counties

* = Residents of VA cities within identified counties are also eligible for Metro Rate

Bluefield State College
Current Student Headcount
Current and Proposed Metro Counties

State	County	Fall 2015		Spring 2016		Fall 2016		Spring 2017		Total	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
KY	Boyd	1		1						2	0
MD	Montgomery					1		1		0	2
NC	Forsyth							1		0	1
NC	Guilford		2	1		1		1		0	5
NC	Surry		1	1		1		1		0	4
NC	Wilkes					1		1		0	2
OH	Athens					1		1		2	0
VA	Bedford		2			2		1		0	6
VA	Bland	13		13		14		13		53	0
VA	Botetourt	1		2		1		1		5	0
VA	Buchanan	3		3		5		5		16	0
VA	Carroll	1		1		1		1		4	0
VA	Dickenson					1		1		1	0
VA	Fauquier		1		1					0	2
VA	Giles	6		5		2		1		14	0
VA	Montgomery	2		2		2		2		8	0
VA	Pittsylvania		1		1		1			0	3
VA	Roanoke	1		1		1		1		3	0
VA	Rockingham					1		1		2	0
VA	Russell			1						1	0
VA	Tazewell	81		74		81		78		314	0
VA	Wythe	2		1		1		1		5	0
		111	7	104	5	109	7	106	6	430	25



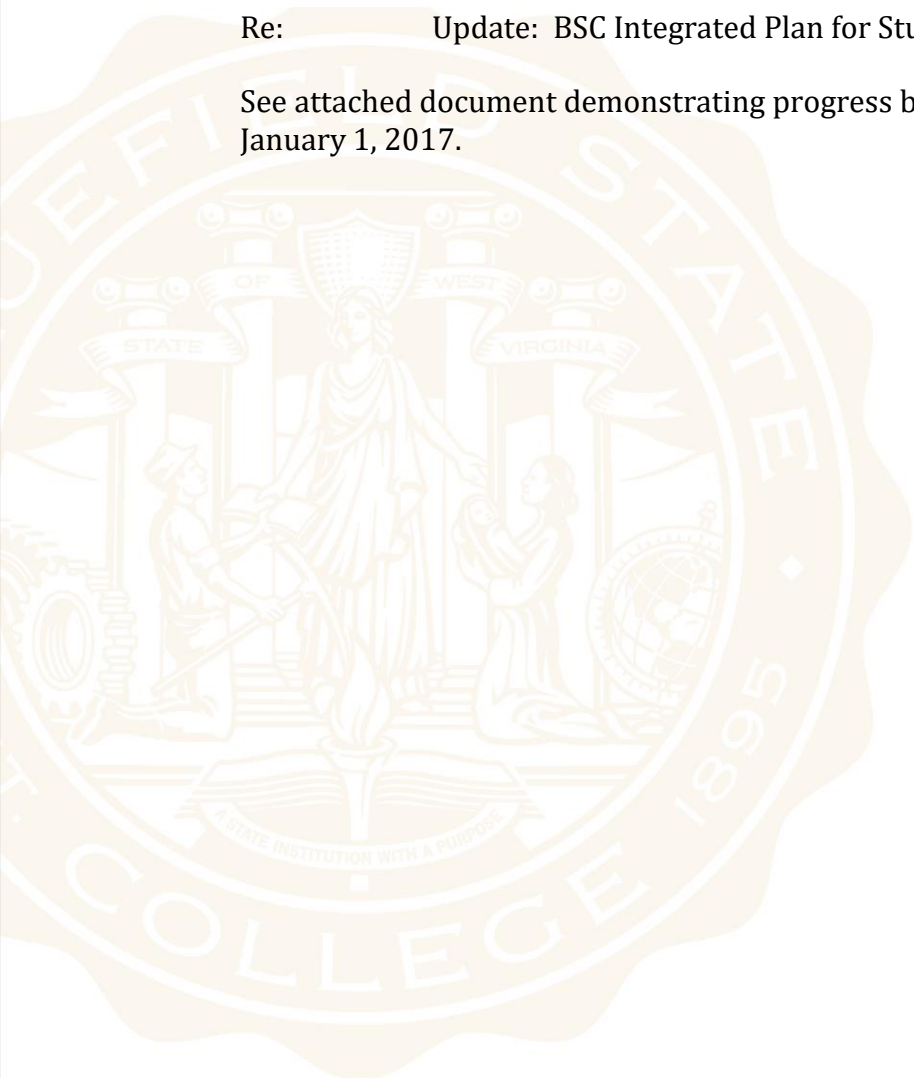
To: Members, Board of Governors
Dr. Marsha Krotseng

From: Dr. Tracey Anderson
Director of Institutional Research and Effectiveness (IRE)

Date: February 10, 2017

Re: Update: BSC Integrated Plan for Student Success 2013-2018

See attached document demonstrating progress between November 1, 2016 and January 1, 2017.



Bluefield State College

219 Rock Street | Bluefield, WV 24701 | 304.327.4030 | fax 304.327.7747
Toll-free in WV 800.344.8892 | In VA, DC, OH, KY and parts of MD and PA 800.654.7798

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

Comprehensive Plan A: Collaborative Access

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Increase outreach to K-12 students and parents	A1. Visit K-12 schools and other community groups	VPAA, VPSAEM and Faculty	Planning spring 2015	<p>The Lemonade Festival and Autumn Festival were community events that served as a platform to promote science literacy to children throughout Mercer County. The BioMedical Club teamed up with the BSC Science Outreach booth. The booth contained zebrafish embryos at different stages of development that the public could view under the microscope. Several Biomedical Club students taught the public about fertilization, development, and growth of the zebrafish.</p> <p>First year nursing students conducted a health fair at Glenwood School.</p> <p>Mercer County School Reading Bee.</p>	<p>All Schools as well as the office of Admissions participated in Mercer County Vocational Technical Center Academic Day in November. Admissions visited about 200 high schools in and outside of WV. In total, Admissions interacted with about 795 seniors whose first contact with BSC was a college fair. At this point, about 70 students have applied and 29 have been admitted.</p>

Student Affairs/Student Life/Student Government Association worked with the Humanities Department to provide local high schools opportunities to complete in the areas of Humanities through BSC's Humanities Bowl. Eight local High Schools provided teams which competed with a Jeopardy style questions and set ups. The winning teams received 1st and 2nd place trophies. All participating teams received award certificates.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

A2. On-campus summer programs for K-12 students focusing on STEM	VPAA, VPSAEM and Faculty	Implement spring 2015	At the Mercer County Fair the Biomedical Club provided children with free “superhero” face masks depicting each of the five food groups and learned about nutrition through educational material taught by club members.
A3. Explore expansion of current college courses to high school students	VPAA, Deans, and Faculty	Feasibility study 2015-2016 AY	Met with Mercer County Assistant Superintendent of Schools and the Supervisor for Secondary Education to identify areas of growth for dual credit. Increased dual credit offerings to include an additional ENGL 101 and MATH 109 in spring 2017. County school teachers eligible to teach dual credit courses have also been identified with the plan of adding additional dual credit courses for fall 2017.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

S2. Develop and implement cohort-based programs	A1. Identify areas for potential cohort programs (Detroit based Midnight Golf Program) (QM: Enrollment S1, A1)	VPAA, VPSAEM, IRE, Alumni	Planning summer 2015
	A2. Recruit students for cohort programs (Milwaukee Education Partnership) (QM: Enrollment S1, A2)	VPAA	Implement spring 2015
S3. Engage local community and region in college preparation and readiness activities	A1. Biannual festival for faculty scholarship with high school students and teachers on campus (QM: Faculty Scholarship S1, A2)	VPAA, Deans, and Faculty	Planning fall 2015; Implementation spring 2016

The Humanities Challenge is a Jeopardy-style contest (with Humanities related questions) for area high school students to compete in. The goal is to promote the Humanities major and bring potential local students to campus. It is also sponsored by SGA and lunch is provided. It was held in the Herbert Gallery on November 16 (from 9-1) and attended by teams from Riverview, Tazewell, Richlands, Montcalm, Narrows, and Graham High Schools. All the Humanities faculty and many of our students participated. There were approximately 100 people in attendance.

In order to engage EOC participants in college preparation and readiness activities, participants take the LASSI and Barriers to Education assessment tests and an individual Educational Service Plan is developed with the direction on how to accomplish their educational goals.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

A2. Academic invitational events allow BSC and high school students to showcase their achievements and knowledge (QM: Degrees Awarded S1, A2)	VPAA, VPSAEM, Deans, and Faculty	Planning spring 2015	Kristin Brown, BioMedical Club Project Manager, and founder of BSC's Science Day initiative, presented the results of Science Day in a poster format at the West Virginia Science Teacher Association Conference.
---	----------------------------------	----------------------	---

Comprehensive Plan B: Financial Aid

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Provide financial literacy to students who are not yet enrolled	A1. Provide educational information concerning college affordability, financial aid	VPSAEM, Directors - Admissions and Financial Aid	Planning and training 2014-2015 AY		Group meetings and Workshops for EOC Services, FAFSA, scholarships and financial information with high schools, DHHR, Community Agencies, etc. (Ex: Princeton High School, Liberty High School, Woodrow Wilson High School after school events and JumpStart to FAFSA at Erma Byrd Center) Individual appointments for EOC services for FAFSA, etc.,
	A2. Develop and distribute a more informational version of the student financial aid award letter (QM: Prog. Toward Degree S1, A2) REV (2016) A2a. Student Affairs and Enrollment Management has a marketing plan to grow a scholarship pool in order to have a scholarship interview day on campus. The College will use existing scholarships to grow the traditional student application counts. REV (2016) A2b. Student Affairs and Enrollment Management will make financial aid award earlier in the recruitment cycle than in years past. The strategy is to increase the conversion rate from accepted-to-enrolled students by 10% for non-SNAH students.	VPSAEM and Director - Financial Aid	Development 2014-2015 AY	Director of FinAid participated in WV high school counselors and WV Division of Rehabilitative counselor's workshop at Concord University updating personnel relating to financial aid changes for the 2017-18 award year. Two FinAid personnel participated in webinars related to 2017-2018 award year.	We will use the scholarship program to award our top-level students and provide other early merit-based awards to students. We will present students with a look at their financial aid for the fall in a time that coincides with the May 1 - The National Candidates Reply Date for admission. Our goal will be to give good financial information to students allowing them to make clear decisions between competing schools.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

S2. Streamline financial aid processes	<p>A1. Establish an all-inclusive early alert system utilizing technology and analytics (QM: Retention S1, A2)</p>	VPSAEM, VPFAA, VPAA, and IRE	Discovery, exploration and research 2014-2015 AY	BSN program has increased the use of the early alert system to communicate course concerns to students. This has resulted in a better response from students than the BSC emails and communications within the Bb shell.	Achieved growth in participating faculty for EA across campus; monitored student responses to alerts with SSS; included EA in faculty advisor training for institute this spring
	<p>A2. Implementing the Transit™ financial literacy program (QM: Student Loan Default S1, A2)</p>	VPAA, VPSAEM	Pilot implementation spring 2015		
S3. Manage student loan default among completers and non-completers	<p>A1. Provide student loan default services: outreach counselors, individual counseling, and utilizing Inceptia staff to identify high risk students (QM: Student Loan Default S1, A1)</p>	VPSAEM and Director - Financial Aid	Immediate	FY2013 official default rate has been reduced to 19.5%. Inceptia has resolved 66 student loans that were in default during July through September.	

Comprehensive Plan C: Academic Quality

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Develop an environment for students to succeed through	A1. Develop an orientation for new and adjunct faculty	VPAA and Deans	Planning summer 2015	New and adjunct faculty orientation held in August.	
	<p>A2. Accurate placement of students in DevEd MATH 098, ENGL 098, and GNET 098 courses based on HEPC Series 21 benchmarks (REVISED) (QM: Developmental Ed S1, A1, A2)</p>	VPAA, VPSAEM, DevEd faculty, counselors and SSS Director	A more formalized DevEd program was started in fall 2013 and will continue into spring 2014	6 BSC personnel attended the HEPC sponsored CCA Academy and 9 attended CompactCon. Pending approval MATH098 and ENGL098 courses will be deleted from the schedule effective Fall 2017. Pending approval current placement guidelines will be updated and effective fall 2017. Successfully implemented the new format of courses in which students in need of remediation are placed into a GNET098, MATH101L, MATH109L, and/or ENGL101L dependent upon their test scores and major.	Continued advisor training emphasizing using score placement for English/Math courses. The College will invite all accepted students to register for the spring term. The Goal is to register at least 50% of the first-year class in the "Academic Frenzy" program prior to May 1.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

S2. Strengthen assessment of student learning	A1. Implement AAC&U rubrics in the lower level courses within the General Studies and in the upper level within programs	VPAA, Deans, Department Chairs, Faculty, and IRE	Continue implementation schedule
---	--	--	----------------------------------

Comprehensive Plan D: Career Pathways

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Improving career readiness	A1. Develop and implement four year BSC engagement program (QM: Graduation Rate S1, A2)	Dean - BUSN and NAH Faculty volunteer	Development spring 2015		
	A2. Continue to promote, highlight, and expand Bluefield State College Alumni success stories	VPAA, VPSAEM, Media Relations, Director - Alumni, Deans, and Faculty	Expand spring 2015		
	A3. Increase and improve opportunities for community engagement through internships, job shadowing, guest speakers, and community service	VPAA, VPSAEM, Deans, Faculty, Directors - Counseling, SSS, Financial Aid, Career Services, and Student Leaders	Planning spring 2015	19 RADT students volunteered 84.75 at the following organizations: Mercer County Chamber of Commerce, Bluefield Beautification Committee Oktoberfest, Erma Byrd/Joe Manchin Job Resource Fair, Women's Expo, Princeton Community Hospital Woman's Screenings, Bluefield City Trunk or Treat, Bluefield regional Medical Center Boo Bash, Spanishburg Elementary Fall Festival.	

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

Comprehensive Plan E: Critical Regional Issues

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Impact the surrounding community and region through service and collaborative activities	A1. Expand partnerships with community agencies and civic organizations	VPAA, VPSAEM, and Faculty	Implementation fall 2016	Biomedical Club visited the Wade Center-- a local nonprofit after-school and summer camp program for disadvantaged children-- to promote gardening and healthy eating. The children learned how to maintain a healthy diet, through interactive games such as nutrition bingo and by planting water bottle herb gardens. 2 nursing students volunteered to be a part of the Access to Health Services Project for Southeastern AHEC and 4 others participated in the Health Fair which is a partnership among the Bluefield Union Mission, BRMC, and WVU Institute of Community and Rural Health.	21 Student athletes participated in 1) Salvation Army Ringing of the Bells; 5 women's basketball players participated in the public school Read Aloud program at Bluefield Intermediate School; 25 student athletes participated in community trick or treating; 14 student athletes participated in the Make-A-Wish Foundation to raise money for the organization; 22 student athletes participated in Bluefield City Lemonade Day Festival. Several student groups participated in a couple of the local town and city parades during the Christmas Holidays. Several employees and students volunteered at the Holiday of lights.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

The BSC engineering students assisted City of Bluefield Officials in reworking park lighting exhibits for the Cities' Holiday of Lights. This assistance in the Cities' Holiday lighting has gone on for many years.

Student Affairs/Student Life held a Health and Wellness Fair for the BSC campus community and local community. Vendors included health care agencies, doctors' offices, and pharmacies. Screenings were available for blood pressure, diabetes, spinal, vision and more. This was the first year this event was open to the public.

Student Life areas worked with City of Bluefield Officials as they developed a Citywide Veterans' presentation and meal at the Bluefield Recreation Center. Several Students assisted with serving the meals, ushering, and handing out programs. Both BSC veterans and veteran families, were included as guests. This function was attended by several BSC staff assisting with the event. As well, VP of Student Affairs and Enrollment Management attended.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

First year nursing students at the Beckley campus assisted with RGH Senior Friends event at the convention center performing BP, blood sugar checks and administering 150 flu vaccinations.

During the Erma Byrd/Joe Manchin Job Resource Fair students held a health fair in the Allied Health wing.

Nursing students also helped organize the Bluefield/Princeton Walk to End Alzheimer's.

11 students attended the WVSOM simulated active shooter training with medical students as a part of the collaborative agreement between WVSOM and BSC.

Student Life and Student Affairs staff of BSC hosted a Veteran's Program for local and campus community. Montcalm High School Choir presented several songs, Mr. Vernon Moore from the Mercer County Voter's Office did a presentation. Color guard from Bluefield High School participated. A light reception followed by those in attendance. A WWII exhibit was open in the Hebert Gallery which was the reception venue.

Several BSC students and staff participated in the Chamber of Commerce Holiday Reception. BSC donated tray of sandwiches. Those in attendance had opportunity to socialize with area leaders and build stronger bonds within the community.

BSC Engineering students and faculty built Christmas decorations which were placed throughout the campus. The maintenance department constructed a campus Christmas Tree for the community to enjoy. The President's office collaborated with the Student Affairs/Student Life Office to host a Holiday of Lights lighting and reception for the community. The BSC Choir presented several numbers and then led the community in Christmas Carols under the direction of Mr. Harold Brown.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

Student Affairs/Student Life coordinated with BSC Nursing Staff, Betty Nash on the topic of relationship abuse. Family Refuge Center Program Coordinator, Amanda Buchanan, enlightened the group of the warning signs of abuse and those agencies available to assist any individual experiencing these type issues. Information was distributed relating to those areas of BSC campus agencies also available to assist with placement and counseling.

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

A2. Consult with local government, non-profit organizations and businesses	VPAA, VPSAEM, and Faculty	Implementation fall 2018	The BioMedical Club used the Bluefield City Trunk or Treat event to spread awareness about the Teal Pumpkin Project, an initiative concerning kids with allergies during trick-or-treat. Members handed out flyers encouraging the public to participate in the initiative at their homes, as well as painted kid faces and handed out allergy-free treats to trick-or-treaters.
--	---------------------------	--------------------------	--

S1. Strengthen two-way communication between the College and community through the use of technology

A1. Expand the College’s interactive virtual presence

VPAA, VPSAEM, IT Services, and Graphic Art Design Staff

Enhance activities 2016
The College is developing a new website.

Working with local landlords to expand off campus housing options. Have updated current listings, added a few more properties, and negotiated with some landlords better rental rates for BSC students. As these resources are updated and available to students and all our community on line, this information is being utilized by many people hitting our web site for this purpose.

A2. Create new virtual forums that allow interaction with the community and region

VPAA, VPSAEM, Deans, Faculty, IT Staff, and Student Leaders

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

Strategies in Support of Quantitative Metrics

Enrollment

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Cohort based program will be developed to attract a diverse and adult student population.	A1. Identify areas for potential cohort programs (Detroit based Midnight Golf Program) (CP: Collaborative Access S2, A1)	VPAA. VPSAEM, IRE, Alumni	Planning summer 2015		
	A2. Recruit students for cohort programs (Milwaukee Education Partnership) (CP: Collaborative Access S2, A2)		VPAA	Implement spring 2015	

Developmental Education

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Develop an environment for students to succeed through excellence in teaching, learning, and advising	A1. Accurate placement of students in DevEd MATH 098, ENGL 098, and GNET 098 courses based on HEPC Series 21 benchmarks (CP: Academic Quality S1, A2 - REV)	VPAA, VPSAEM, DevEd faculty, counselors and SSS Director	A more formalized DevEd program was started in fall 2013 and will continue into spring 2014	6 BSC personnel attended the HEPC sponsored CCA Academy and 9 attended CompactCon. Pending approval MATH098 and ENGL098 courses will be deleted from the schedule effective Fall 2017. Pending approval current placement guidelines will be updated and effective fall 2017. Successfully implemented the new format of courses in which students in need of remediation are placed into a GNET098, MATH101L, MATH109L, and/or ENGL101L dependent upon their test scores and major.	Continued advisor training emphasizing using score placement for English/Math courses. The College will invite all accepted students to register for the spring term. The Goal is to register at least 50% of the first-year class in the "Academic Frenzy" program prior to May 1.
	A2. Accurate placement of students in ALP MATH 099, ENGL 099 and GNET 099 courses based on HEPC Series 21 benchmarks (FULL REV) (CP: Academic Quality S1, A2 - REV)		VPAA, VPSAEM, DevEd faculty, counselors and SSS Director	A more formalized DevEd program was started in fall 2013 and will continue into spring 2015	

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

Retention

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Create an environment for students to succeed through excellence in teaching, learning, and advising	A1. Develop a mentoring program that pairs successful upper level students with at-risk students as mentors	VPAA, VPSAEM, Deans, and Faculty	Planning 2015-2016	<p>233 new first-year and transfer students were eligible for participation in the Peer Mentor Program for the 2016 fall semester. Of the 233 students eligible, only 67 made contact with their mentor of the Program Coordinator. This would show as a 29% participation rate among all eligible students. 49% of the students that participated in the program contacted their peer mentor more than one time. 7% of those who participated in the program made office visits. 43% of students who participated attended peer mentor program activities. 100% of all new first-year and transfer students have been contacted by the assigned mentor through mail, email, and/or phone.</p>	<p>The Peer Mentors received more than 79 inquires that needed to be directed to another department for additional services. 39% of all inquiries were directed to the student's advisor for further assistance. 20% of all inquiries were directed to the Office of Financial Aid. 16% of all inquiries were directed to the Counseling Office. 14% of all inquiries were directed to the Office of the Registrar. 10% of all inquiries were directed to other offices such as the Office of the Vice President of Student Affairs and Enrollment Management.</p>

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

<p>A2. Establish an all-inclusive early alert system utilizing technology and analytics (CP: Financial Aid S2, A1)</p>	<p>VPSEAEM, VPFAA, VPAA, and IRE</p>	<p>Discovery, exploration and research 2014-2015 AY</p>	<p>BSN program has increased the use of the early alert system to communicate course concerns to students. This has resulted in a better response from students than the BSC emails and communications within the Bb shell.</p>	<p>Achieved growth in participating faculty for EA across campus; monitored student responses to alerts with SSS; included EA in faculty advisor training for institute this spring. Established a spring registration program for new students. The College invited all applied and admitted new students to attend. Approximately 12 students participate between programs on each campus. Counseling sessions were held for these students.</p>
--	--------------------------------------	---	---	--

Progress Toward Degree

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
<p>S1. Increase the number of students who take 15 credits per semester in order to promote on-time degree completion and academic achievement by implementing the state-wide initiative <i>15 to Finish</i></p>	<p>A1. Develop a session at freshmen orientation to encourage completion of a baccalaureate degree in 4 years by taking 15 credits per semester</p> <p>A2. Develop and distribute a more informational version of the student financial aid award letter (CP: Financial Aid S1, A2) REV (2016) A2a. Student Affairs and Enrollment Management has a marketing plan to grow a scholarship pool in order to have a scholarship interview day on campus. The College will use existing scholarships to grow the traditional student application counts.</p> <p>REV (2016) A2b. Student Affairs and Enrollment Management will make financial aid award earlier in the recruitment cycle than in years past. The strategy is to increase the conversion rate from accepted-to-enrolled students by 10% for non-SNAH students.</p>	<p>VPAA, VPSEAEM, Deans, and Faculty</p> <p>VPSEAEM and Director - Financial Aid</p>	<p>Planning summer 2015</p> <p>Development 2014-2015 AY</p>	<p>Participated in WV high school counselors and WV Division of Rehabilitative counselor's workshop at Concord University updating personnel relating to financial aid changes for the 2017-18 award year.</p>	<p>The College will use the scholarship program to award top-level students and provide other early merit-based awards to students.</p> <p>The College will present students with a look at their financial aid for the fall in a time that coincides with the May 1 - The National Candidates Reply Date for admission. The goal is to give good financial information to students allowing them to make clear decisions between competing schools.</p>

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS
Report as of January 1, 2017

Graduation Rates

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Create an environment for students to succeed through excellence in teaching, learning, and advising	A1. Replace BSCS 100 with a first year experience course that will serve the needs of all students (REV)	VPAA, VPSAEM, Faculty, and Student Affairs Personnel	Planning 2015-2016 AY		Created a committee to explore development of BSCS 100 ; committee participated in several webinars to assist with planning and developed a timeline for course/curriculum proposals to be developed spring 2017.
	A2. Develop and implement four year BSC engagement program (CP: Career Pathways S1, A1 - REV)	VPAA, VPSAEM, Faculty, staff and administrators for sub-committee	Planning summer 2015; Steering Comm by fall 2015; Implementation fall 2016		

Faculty Scholarship

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Support system for faculty and student scholarship	A1. Provide sustainability to Research and Sponsored Programs (RASP)	VPAA	Planning spring 2015		The Humanities Challenge is a Jeopardy-style contest (with Humanities related questions) for area high school students to compete in. The goal is to promote the Humanities major and bring potential local students to campus. It is also sponsored by SGA and lunch is provided. It was held in the Herbert Gallery on November 16 (from 9-1) and attended by teams from Riverview, Tazewell, Richlands, Montcalm, Narrows, and Graham High Schools. All the Humanities faculty and many of our students participated. There were approximately 100 people in attendance.
	A2. Biannual festival for faculty scholarship with high school students and teachers on campus (CP: Collaborative Access S3, A1 - REV)	VPAA, Deans, and Faculty	Planning fall 2015; Implementation spring 2016		

BLUEFIELD STATE COLLEGE INTEGRATED PLAN FOR STUDENT SUCCESS

Report as of January 1, 2017

Degrees Awarded

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. Increased Science, Technology, Engineering, and Mathematics (STEM) enrollment and numbers graduating with STEM degrees	A1. Target secondary school students who are brought to campus for participation in other activities	VPAA, VPSAEM, Deans, STEM Faculty, Directors - SSS and Counseling Center	Planning fall 2015		
	A2. Academic invitational events allow BSC and high school students to showcase their achievements and knowledge (CP: Collaborative Access S3, A2)	VPAA, VPSAEM, Deans, and Faculty	Planning spring 2015		Engineering student presentations in November.

Student Loan Default Rate

Strategies	Activities	Responsibility	Timeframe	Accomplishments between 070116 - 110116	Accomplishments between 110116 - 010117
S1. The post enrollment phase activity focuses on those students who have or have not completed a degree. The post enrollment phase of the comprehensive plan focuses primarily on managing student loan default among completers and non-completers.	A1. Provide student loan default services: outreach counselors, individual counseling, and utilizing Inceptia staff to identify high risk students (CP: Financial Aid S3, A1)	VPSAEM and Director - Financial Aid	Immediate	FY2013 official default rate has been reduced to 19.5%. Inceptia has resolved 40 student loans that were in default during July and August.	
	A2. Implementing the Transit™ financial literacy program (CP: Financial Aid S2, A2)	VPAA, VPSAEM	Pilot implementation spring 2015		

ACADEMICS IN ACTION

REPORT OF THE PROVOST TO BSC BOARD OF GOVERNORS

2/16/17

- DUAL CREDIT INITIATIVES ONGOING MET WITH 188 STUDENTS ON 2/10/17 WILL BE MEETING WITH AN ADDITIONAL 450+ ON 2/17/17
- ATTENDED WV RURAL HEALTH ASSOCIATION DAY AT THE CAPITAL CONNECTING WITH LOCAL REPRESENTATIVES AND NETWORKED WITH STATE AGENCIES TO BEGIN A TRACK FOR STUDENTS IN DIRECT CARE WORKER AREAS
- ONGOING INITIATIVES TO IMPROVE THE ONLINE PROGRAM OFFERINGS AT BSC WHICH HAS POTENTIAL TO INCREASE ENROLLMENT
- SUMMER AND FALL 2017 SCHEDULING IS UNDERWAY
- 4 ACTIVE FACULTY SEARCHES ARE UNDERWAY
- MET WITH SUMMERS COUNTY SCHOOLS DIRECTOR OF SECONDARY CURRICULUM, LPN DIRECTOR AND WV DEPARTMENT OF EDUCATION TO EXPLORE OPPORTUNITIES