

Schedule

Meeting of the Pierpont Community & Technical College Board of Governors

February 16, 2010

Falcon Center Board Room
Fairmont, WV

1:00 P.M.	Finance Committee Members: Kyle Hamilton (<i>Chair</i>) John P. Jones Linda Aman Dixie Copley James E. Griffin	Falcon Center Board Room Staff Resource: Dale Bradley
1:00 P.M.	Off Campus Facilities Committee Members: Leslie Lovett (<i>Chair</i>) Linda Aman Jeff Tucker Beverly Jones	Conference Room 3 Staff Resource: Rich McCormick Lyla Grandstaff Jeni Hawkins
* 2:00 P.M.	Full Board Meeting	Falcon Center Board Room

*Time approximate, depending on the length of committee meeting.

Pierpont Community & Technical College Board of Governors
Meeting of January 16, 2010

Call to Order

1. Opening Comment
2. Last Call for Public Comment Sign Up
3. Approval of Minutes (*December 15, 2009*)

Tab 1 – Action Item

Operation Reports

1. Faculty Assembly Report (*Tom Stose*)
2. Classified Staff Report (*Mary Jo Rutherford*)
3. Student Government Report (*Emily Miller*)
4. Foundation Report (*Bun Perkinson*)
5. Alumni Association Report (*Devanna Corley*)
6. Athletic Association Report (*Rusty Elliott*)
7. President's Report (*Blair Montgomery*)

Committee of the Whole

1. Financial Report (*Dale Bradley*)
2. Fund Manager Spending Request (*Dale Bradley*)
3. FY 2009 Finance Audit (*Dale Bradley*)
4. Legislative Audit Update (*Rick Porto*)
5. Board Update on Fire Suppression Systems at NAEC (*Tom Stose*)
6. Off Campus Programs Coordinator Report (*Lyla Grandstaff*)
7. Locust Avenue Project Update (*James Decker*)
8. Capital Projects Update (*James Decker*)

Tab 2 - Informational

Tab 3 – Action Item

Tab 4 – Action Item

Tab 5 - Informational

Tab 6 – Informational

Tab 7 - Informational

Committee Reports

1. Off Campus Operations Committee (*Leslie Lovett*)
2. Finance Committee (*Kyle Hamilton*)
3. Marketing Committee (*Dixie Copley*)

New Business

Old Business

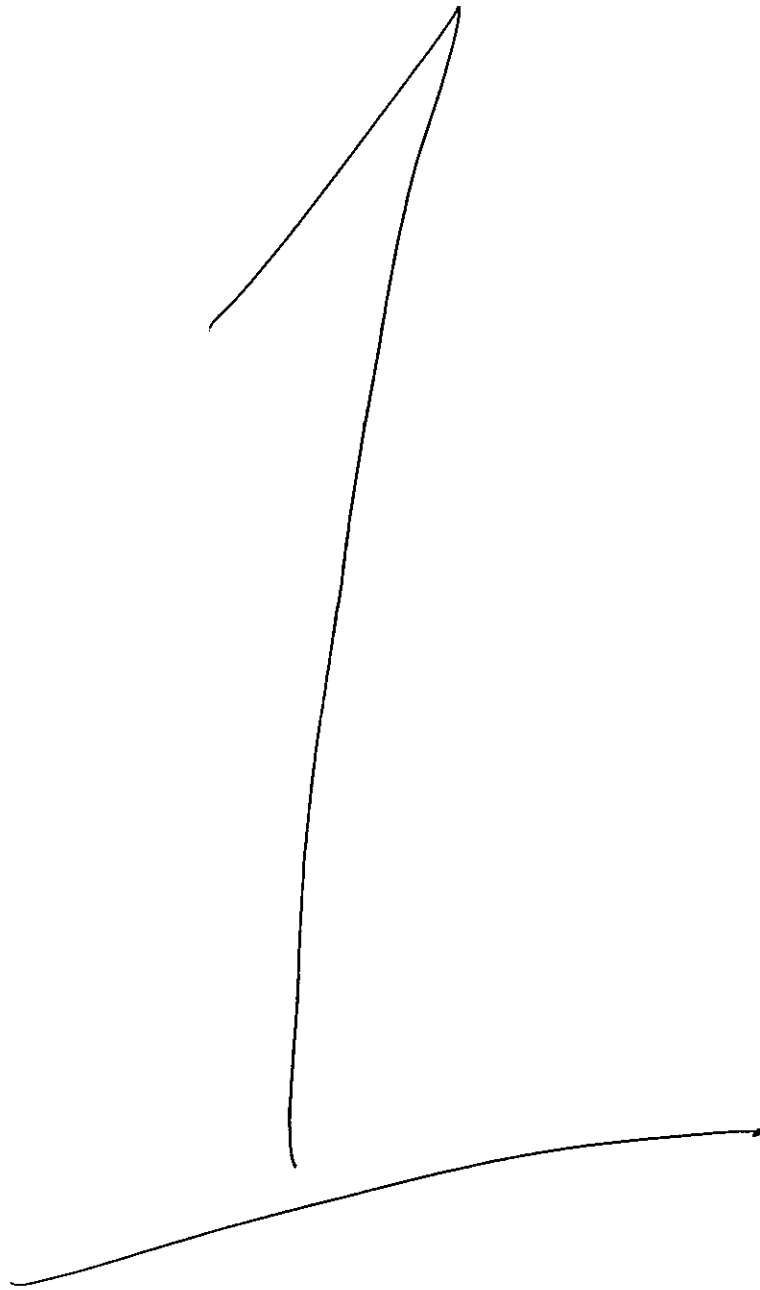
Public Comment

Possible Executive Session

_____ moved pursuant to 6-9A-4(b)2A of the WV Code that the Board shall go in to Executive Session to discuss personnel and personnel matters, which if discussed in public might adversely affect the reputation of any person.

_____ moved pursuant to 6-9A-4(b)9 of the WV Code that the Board shall go into Executive Session to consider matters involving or affecting the purchase, sale or lease of property, advance construction planning, the investment of public funds or other matters involving commercial competition, which if made public, might adversely affect the financial or other interest of the state or any political subdivision.

Next Meeting date is Tuesday, March 16, 2010 at the Falcon Center Board Room.



Pierpont Community & Technical College
BOARD OF GOVERNORS
MINUTES
January 13, 2009

Call to Order

A meeting of the Pierpont Community & Technical College Board of Governors was held on January 13, 2009 beginning at 2:00 p.m. in the Falcon Center Board Room. Present at the meeting were Board Members: Earl McConnell, Leslie Lovett, Beverly Jones, Eugene Weaver, James Griffin, Deborah Chipps, Kyle Hamilton and John P. Jones. Absent were Linda Aman, Jeff Tucker and Dixie Copley.

Chair James Griffin called the meeting to order.

Approval of Minutes

Eugene Weaver moved the minutes of December 9, 2008 meetings be approved. Leslie Lovett seconded. Motion carried.

Constituent Reports

Mary Jo Rutherford presented the Classified Staff Report.
Kelley Bronson presented the Student Government Report.
Devanna Corley presented the Foundation Report.
Devanna Corley presented the Alumni Association Report.
Rusty Elliott presented the Athletic Association Report.

Financial Report

Dale Bradley reported on Pierpont Community & Technical College Unrestricted and Restricted Funds.

Internal Professional Development Program Report

Deborah Woods provided an update on the Internal Professional Development Program (IPD). Her report provided attendance data for all Professional Development Courses, Human Resources Training Workshops, Brown Bag Lunches and other Staff Development events offered during the 2007-2008 fiscal year. She introduced Bo Sellers who has assumed the responsibility for this program.

Fund Manager's Spending Policy

Kyle Hamilton moved to authorize the expenditure of \$200,000 of the approximate \$565,734 in the Fund Manager's cash reserves in the FY 2009 budget. The motion seconded by John P. Jones. Motion carried.

Possible Student Operated Bistro in Downtown Fairmont

Chef Brian Floyd made a presentation, along with Jay Rogers from the City of Fairmont on the possibility to develop a Student Operated Bistro in Downtown Fairmont. The plan would include the development of a multi-use facility that would include the Bistro, teaching kitchens and residential space and would allow the Culinary Arts program to expand. Chef Floyd advised the Board of Grant Awards he has received and asked permission to continue with the planning and design of the project. The Board encouraged him to continue and to report back to them when the project was ready for consideration.

Higher Learning Commission Accreditation Visit

James Griffin reported that the Accreditation site visit report that Pierpont Community & Technical College received was very complimentary. He asked that an update on Assessment and Faculty Credentials, two areas of concern noted by HLC, be provided to the Board. Kyle Hamilton moved that the Board receive an update on the areas of Assessment and Faculty Credentials at the February 10, 2009. The motion was seconded by Leslie Lovett. Motion carried.

Policy 25 – Salary

Jennifer Weist reported that she had not received any comments or suggestions concerning Policy 25 – Salary. She had met with the Finance Committee and received feedback and requested that Chair Griffin consider creating a subcommittee to assist with revisions. Chair Griffin asked for members to volunteer to serve on a committee on Salary with Jennifer Weist and Beverly Jones and Leslie Lovett agreed.

Off-Campus Facilities Committee

Chair Griffin asked for the committee on Off-Campus Facilities to report at the next board meeting on the Braxton County facility.

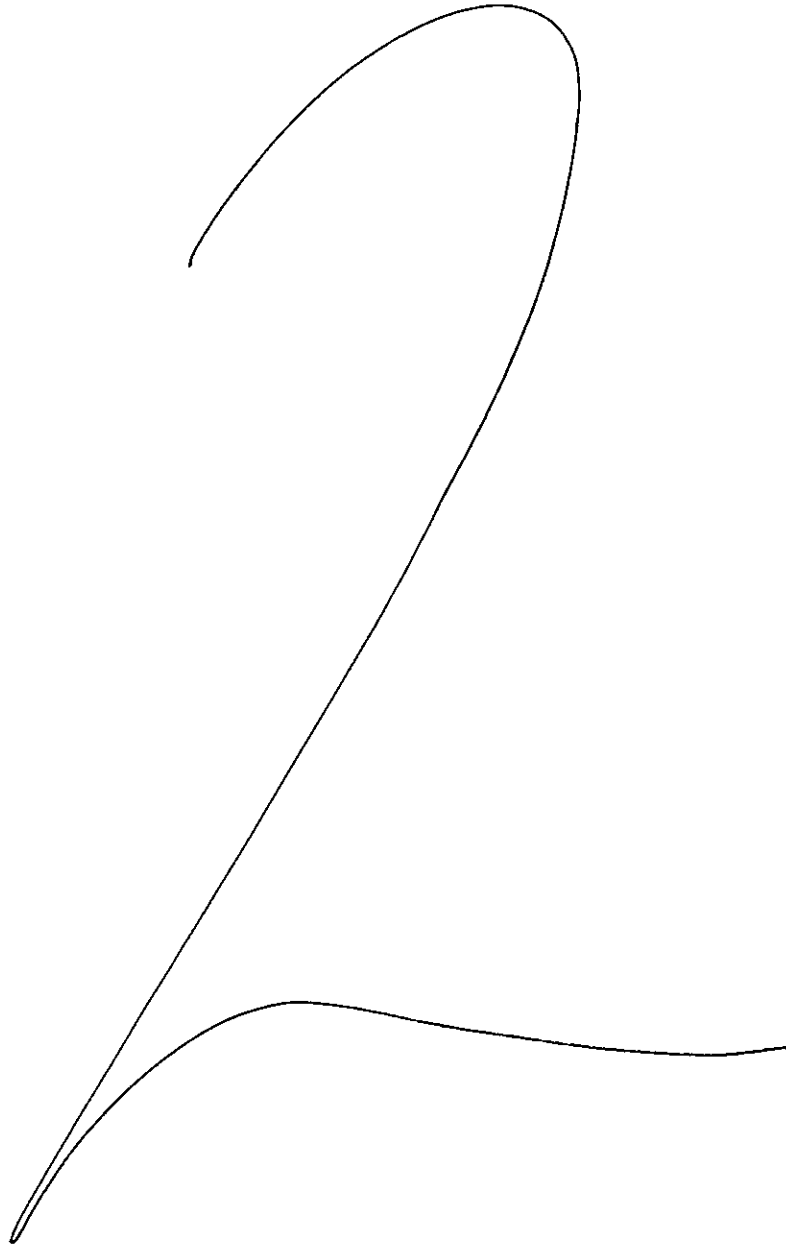
Chair Griffin asked for the Committee on Off-Campus Facilities to report at the next board meeting on the Morgantown facilities. President Montgomery asked that Lyla Grandstaff and Jeani Hawkins, Directors of Off Campus Programs be added as Staff Resources to this committee.

President's Report

President Montgomery reported that Faculty has returned and students will return on January 20, 2009. Pierpont Community & Technical College has a new Power Plant certificate program starting in the spring semester. President Montgomery reported on his trip to Campus Compact National Board meeting. A focus of the Obama administration will be community based education and opportunities. He also reported that work has begun to develop and launch an ad campaign to help raise awareness of the Community College and its programs.

Adjournment

There being no further business, the meeting was adjourned at 4:00 p.m.



**Board of Governors
Financial Report FY 2010
Pierpont Community & Technical College
Unrestricted Funds
as of January 19, 2010**

The projected effect on net assets at June 30, 2010 as of January 19, 2010 is an increase of \$2,738.94. This represents an improvement in the budget from the November 24th budget report. Since the November 24th report the projected budget improved by \$342,633.78. The improvement that occurred during this period of time was due to implementing the FY 2010 Mid-Year Budget Adjustments that were approved during the December 15, 2009 Board of Governors Meeting. The specific budget changes that lead to the improved budget picture in this report are as follows:

- **Operating and Non-operating Revenues:**
 - Increased the Tuition and Fees Revenue budget by \$200,000 based on increased enrollments Pierpont recognized during the Fall Term.
 - Recognized the \$247,857 in stimulus fund to be received as back fill for the reduction in FY 2010 State Appropriations.

- **Expenditure Budget:**
 - Increased the Adjunct Salary and Fringe budget by approximately \$43,000 which was necessary due to the increased enrollment in the Fall Term.
 - Established an expense budget of 62,000 for the costs associated with the Presidential Search.

Of the projected effect on net assets of an increase of \$2,738.94 as of June 30, 2010; President's Controlled Fund(s) are projected to have a budget surplus of \$7,910.91, Fund Manager's Controlled Fund(s) are projected to have a budget deficit of (\$5,171.97).

Additional Budget Issues for FY 2010:

- Allegheny Power received approval from the Public Service Commission for a rate hike. This rate increase is 12.6% for our electric service. This amounts to approximately a \$58,000 budget increase in utilities for the remainder of FY 2010. Pierpont C&TC will need to increase our Assessment for Operating Costs by approximately \$18,624 (32.11% (Pierpont's baseline charge back percentage for shared costs) X \$58,000) for our portion of those increased costs.
- The Governor's Office implemented a mid-year budget cut of 3.4%. Pierpont C&TC will receive additional American Recovery and Reinvestment Act (ARRA) stimulus funds to back fill for this additional cut in State Appropriations. In order to preserve Community and Technical College System Funds for certain programs (Community College Workforce Development (HB 3009), WV Advance Workforce Development, Technical Program Development, and College Transition Program) that benefit all Schools within the WVCTC System, the reductions to these funds were reallocated to each School. This increased Pierpont's mid-year budget reduction from \$274,738 to \$311.019. We will receive ARRA stimulus funds that will cover the full amount of our FY 2010 State Appropriated budget reduction of \$558,876 (\$247,857 +\$311,019).

Pierpont Community & Technical College
Actual vs Budget Statement of Revenues and Expenses
 Current Year 2010 Prior Year 2009 January Current Unrestricted
 LEVEL 2

		Budgeted Current Year	Actual Current Year	Actual To Budgeted Current Year
OPERATING REVENUES	Tuition and Fees	7,187,747.50	6,624,933.74	92.17
	Faculty Services Revenue	1,502,589.00	739,284.00	49.20
	Auxiliary Enterprise Revenue	0.00	0.00	
	Operating Costs Revenue	235,961.71	87,162.37	36.94
	Support Services Revenue	358,599.64	163,808.59	45.68
	Other Operating Revenue	330,774.00	137,044.38	41.43
	Subtotal:	9,615,671.85	7,752,233.08	80.62
OPERATING EXPENSES	Salaries	5,572,649.00	2,552,760.21	45.81
	Benefits	1,187,448.00	519,558.45	43.75
	Student financial aid-scholarships	449,748.00	416,663.57	92.64
	Utilities	0.00	694.37	
	Supplies and Other Services	1,617,223.60	712,194.34	44.04
	Equipment Expense	129,605.55	64,548.98	49.80
	Loan cancellations and write-off	0.00	0.00	
	Fees retained by the Commission	98,143.00	46,133.00	47.98
	Assessment for Faculty Services	1,268,259.00	611,409.00	48.21
	Assessment for Support Services	3,735,630.47	1,701,753.96	45.55
	Assessment for Tuition, Aux, & Capital Costs	1,365,913.00	706,644.00	51.73
	Assessment for Operating Costs	2,621,804.09	1,140,680.69	43.51
	Subtotal:	18,044,423.71	8,473,040.57	46.96
NONOPERATING REVENUES (EXPENSES)	State Appropriations	8,080,538.00	5,414,172.00	67.00
	State Appro. Federal ARRA Stimulus Backfill	247,857.00	0.00	
	Gifts	1,000.00	0.00	0.00
	Investment Income	97,194.00	5.14	0.01
	Other nonoper rev - OPEB Liability	0.00	0.00	
	Reappropriated State Funding	375,000.00	0.00	
	Subtotal:	8,801,589.00	5,414,177.14	61.61
EXCLUDE OPERATING ACCOUNT	Exclude - Assets	(375,000.00)	(32,268.29)	8.60
	Exclude - Indirect Cost Recoveries	4,901.80	2,434.75	49.67
	Exclude - Transfers - Other	0.00	0.00	
	Subtotal:	(370,098.20)	(29,833.54)	8.06
OPERATING INCOME/LOSS		(8,428,751.86)	(720,807.49)	8.55
BUDGET BALANCE		2,738.94	4,663,536.11	170267.92
PERSONNEL BUDGET SAVINGS		0.00		
PROJECTED EFFECT ON NET ASSETS AT JUNE 30		2,738.94		
NET ASSETS - Beginning of Year		3,458,755.00		
PROJECTED NET ASSETS - End of Year		3,461,493.94		

Pierpont Community & Technical College
Actual Vs. Budget Statement of Revenues and Expenses

	Current Year 10	Prior Year 09	Period Jan	Current Unrestricted Pierpont C and TC - President		
			Budgeted Current year	Actual Current Year	Actual To Budgeted Current Year	Prior Actual To Prior Year End
OPERATING REVENUES						
Tuition and Fees			6,517,262.00	6,055,600.94	92.92	95.36
Faculty Services Revenue			1,502,589.00	739,284.00	49.20	51.00
Auxiliary enterprise revenue			0.00	0.00		100.00
Operating Costs Revenue			235,961.71	87,162.37	36.94	48.76
Support Services Revenue			358,599.64	163,808.59	45.68	44.02
Other Operating Revenues			252,083.00	58,547.14	23.23	46.43
Subtotal:			8,866,495.35	7,104,403.04	80.13	83.28
OPERATING EXPENSES						
Salaries			5,382,118.00	2,443,579.90	45.40	48.56
Benefits			1,153,922.00	502,562.66	43.55	39.68
Student financial aid - scholarships			449,748.00	416,663.57	92.64	93.90
Utilities			0.00	694.37		54.62
Supplies and Other Services			1,143,926.85	514,870.66	45.01	64.90
Equipment Expense			66,641.63	14,746.18	22.13	36.64
Loan cancellations and write-offs			0.00	0.00		0.00
Fees retained by the Commission			96,143.00	46,133.00	47.98	75.00
Assessment for Faculty Services			1,268,259.00	611,409.00	48.21	45.69
Assessment for Support Services			3,735,630.47	1,701,753.96	45.55	49.50
Assessment for Tuition, Aux. and Capital Costs			1,365,913.00	706,644.00	51.73	79.56
Assessment for Operating Costs			2,621,804.09	1,140,680.69	43.51	48.90
Subtotal:			17,284,106.04	8,099,737.99	46.86	52.36
NONOPERATING REVENUES (EXPENSES)						
State appropriations			8,080,538.00	5,414,172.00	67.00	67.00
State Appr. Federal ARRA Stimulus Backfill			247,857.00	0.00	0.00	
Investment Income			97,194.00	5.14	0.01	72.26
Other nonoper rev - OPEB Liability			0.00	0.00		0.00
Reappropriated State Funding			375,000.00	0.00	0.00	0.00
Subtotal:			8,800,589.00	5,414,177.14	61.52	63.39
EXCLUDE OPERATING ACCOUNT						
Exclude - Assets			-375,000.00	-32,268.29	8.60	
Exclude - Transfers - Other			-67.40	-67.40	100.00	0.06
Subtotal:			-375,067.40	-32,335.69	8.62	-706.77
OPERATING INCOME/LOSS			-8,417,610.69	-995,334.95	11.82	21.47
BALANCE			7,910.91	4,386,506.50	55448.82	532.17

FZRPR03

Fund %

JAN-19-10

Pierpont Community & Technical College
Actual Vs. Budget Statement of Revenues and Expenses

		Current Year 10	Prior Year 09	Period Jan	Current Unrestricted Pierpont C and TC Fund Managers	
		Budgeted Current year	Actual Current Year	Actual To Budgeted Current Year	Prior Actual To Prior Year End	
OPERATING REVENUES	Tuition and Fees	670,485.50	569,332.80	84.91	71.57	
	Other Operating Revenues	78,691.00	78,497.24	99.75	37.38	
	Subtotal:	749,176.50	647,830.04	86.47	67.44	
OPERATING EXPENSES	Salaries	190,531.00	109,180.31	57.30	43.95	
	Benefits	33,526.00	16,995.79	50.69	39.29	
	Supplies and Other Services	473,296.75	197,323.68	41.69	59.20	
	Equipment Expense	62,963.92	49,802.80	79.10	69.50	
	Loan cancellations and write-offs	0.00	0.00		0.00	
	Subtotal:	760,317.67	373,302.58	49.10	56.75	
NONOPERATING REVENUES (EXPENSES)	Gifts	1,000.00	0.00	0.00		
	Other nonoper rev - OPEB Liability	0.00	0.00		0.00	
	Subtotal:	1,000.00	0.00	0.00	0.00	
EXCLUDE OPERATING ACCOUNT	Exclude - Assets	0.00	0.00			
	Exclude - Indirect Cost Recoveries	4,901.80	2,434.75	49.67	50.15	
	Exclude - Transfers - Other	67.40	67.40	100.00	-1.05	
	Subtotal:	4,969.20	2,502.15	50.35	-385.45	
OPERATING INCOME/LOSS		-11,141.17	274,527.46	*****	-28.03	
BALANCE		-5,171.97	277,029.61	-5356.37	-2.65	

FZRPR03

Fund %

JAN-19-10

**Board of Governors
Financial Report
Pierpont Community and Technical College
Restricted Fund
For the period as of January 19, 2010**

Operating Revenues:

Revenues did not change **\$0.00**

Non-Operating Revenues

No changes

Operating Expenditures:

Expenditures did not change **\$0.00**

The budget balance of \$-1,591,252.39 is covered by the restricted fund cash balance of \$1,756,103.28 on June 30, 2009.

Net Change **0.00**

Pierpont Community and Technical College
Actual vs Budget Statement of Revenues and Expenses
 Current Year 2010 Prior Year 2009 Jan Current Restricted
 LEVEL 2

		Budgeted Current Year	Actual Current Year	Actual to Budgeted Current Year
OPERATING REVENUES	Tuition and Fees	157,402.03	74,794.39	47.52%
	Federal Grants and Contracts	11,331,469.74	8,864,834.40	78.23%
	State/Local Grants and Contracts	2,215,184.51	1,653,332.81	74.64%
	Private Grants and Contracts	899,587.00	229,293.42	25.49%
	Other Operating Revenues	79,500.00	50,316.09	63.29%
Sub Total		14,683,143.28	10,872,571.11	74.05%
OPERATING EXPENSES	Salaries	996,287.26	335,093.08	33.63%
	Benefits	140,559.05	60,121.08	42.77%
	Student Financial Aid-Scholarships	19,016,025.00	15,488,622.50	81.44%
	Utilities	500.00	29.39	5.88%
	Supplies and Other Services	1,055,713.74	211,526.38	20.04%
	Equipment Expense	134,585.29	38,232.08	28.41%
Sub Total		21,343,670.34	16,131,624.49	75.52%
NONOPERATING REVENUES (EXPENSES)	Federal Pell Grant Revenues	5,119,526.38	5,050,656.38	98.65%
Sub Total:		5,119,526.38	5,050,656.38	98.65%
EXCLUDE OPERATING	Exclude - Assets	-112,898.80	-48,500.00	42.96%
	Exclude - Transfers for Fin Aid Match	67,067.40	51,014.00	76.06%
	Exclude - Indirect Cost Recoveries	-4,420.31	-2,434.75	55.08%
	Exclude - Transfers - Other	0	0	0.00%
Sub Total:		-50,251.71	79.25	-0.16%
OPERATING INCOME/LOSS		-6,660,527.06	-6,259,053.38	78.96%
BUDGET BALANCE		-1,591,252.39	-208,317.75	13.09%
NET ASSETS - Beginning of Year		1,766,103.28		
PROJECTED NET ASSETS - End of Year		164,850.89		

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**Pierpont Community & Technical College Board of Governors
February 16, 2010**

ITEM: Fund Manager's Cash Reserve Spending

COMMITTEE: Finance Committee

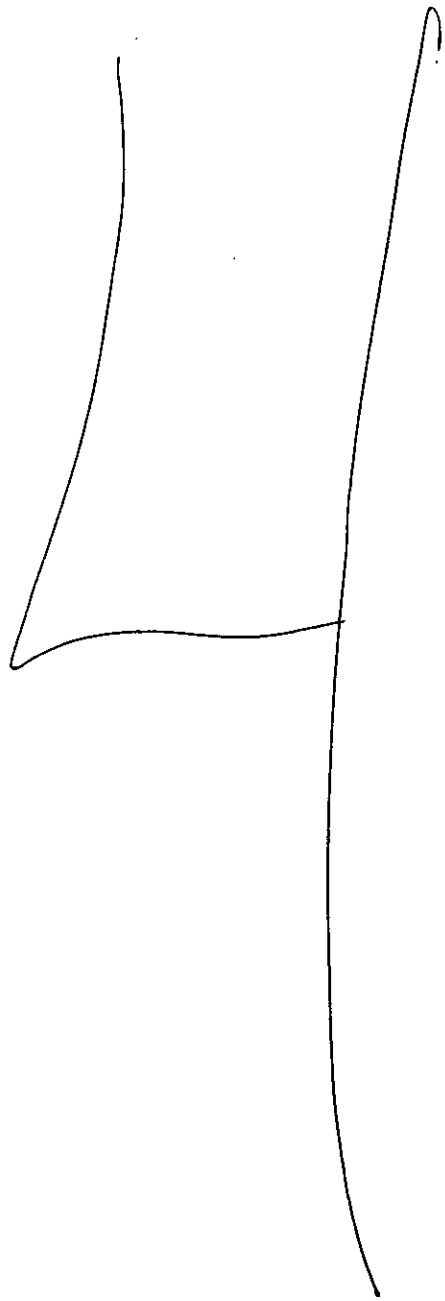
RECOMMENDED RESOLUTION: Resolved that the Pierpont Community & Technical College Board of Governors that up to \$70,000 of the FY 2009 ending total Fund Manager's cash reserves of approximately \$492,158 is approved for spending in the FY 2010 Budget.

STAFF MEMBER: Dale Bradley

BACKGROUND:

The Fund Manager's cash reserves result from four major activities: (A) indirect cost funds, (B) savings from salary reduction due to a grant paying a portion of an employee's salary, (C) course fee funds, and (D) workforce training/customized education. A brief description of each follows:

- (A) Indirect Cost Funds – Indirect cost revenues are received as a part of a grant. They are funds received to cover the overhead involved in the grant process and administration. nt.
- (B) Savings from Salary Reduction – Savings from Salary Reductions due to a grant paying a portion of the employee's salary – The practice has been to provide a part of the savings to the Fund Manager who arranged for the grant. These funds can be used at the manager's discretion for purchase of equipment and related other expenses.
- (C) Course Fee Funds – Course fee funds are assessed in courses to cover the cost of providing educational equipment and/or activities for the more expensive programs. Fund Managers occasionally have educational equipment needs that are larger than the fees accumulated in a one year period and therefore accumulate cash reserves over a period of years to address these needs.
- (D) Workforce Training/Customized Education – Workforce Training/Customized Education consists of open enrollment and organization specific training and educational offerings delivered to address specific workforce skills and/or in response to specific educational requests from regional private and public organizations. These activities, whenever possible, are expected to generate revenues beyond their direct expenses and in so doing typically result in cash balances at the end of each fiscal year. These activities typically account for approximately 30 – 40 percent of the total Fund Manager's Year End Cash Balances annually.



**Board of Governors
Pierpont Community & Technical College
February 16, 2010**

ITEM: Financial Statement Audit for Fiscal Year 2009

ACTION REQUESTED: Acceptance of the 2009 Fiscal Year Audit

COMMITTEE: Committee of the Whole

STAFF MEMBER: Dale Bradley

BACKGROUND:

Dennis Juran, Partner, from Deloitte & Touche LLP, met with the Fairmont State University and Pierpont Community & Technical College Executive/Audit Committees to review the financial statements and notes on November 18, 2009.

In attendance for the meeting were:

FSU Board of Governors Members –

Andy Kniceley, former Chair

Rocco Muriale

James Kettering

Shirley Stanton

PCTC Board of Governors Members –

James Griffin, Chair

Kyle Hamilton

Linda Aman

Administration and Staff -

Dr. Thomas Krepel, President, FSU

Blair Montgomery, President, PCTC

Rick Porto, VP Administrative & Fiscal Affairs

Dale Bradley, VP for Finance and Continuing Ed., PCTC

Carolyn Fletcher, Director of Accounting

Cindy Smith, Financial Reporting Manager

Christa Kwiatkowski, Financial Reporting Manager

Dennis Juran reviewed with committees selected financial statement highlights including:

- He encouraged the BOG Members to read the Management Discussion & Analysis (MD&A) prepared by the finance staff.

- Discussed the uncertainty surrounding the Other Post Employment Benefits (OPEB) Liability and the possibility of the liability increasing to \$2 to \$3 million at the end of fiscal year 2010. The June 30, 2009 OPEB liability balance was \$1,026,065.
- Net Assets at June 30, 2009 increased by \$4 million dollars. This increase is inflated by the posting of Reappropriated State funding (appropriations) as a receivable at June 30, 2009 in the amount of \$1,625,000. (\$1.25 million for FSU and \$375,000 for PCTC)
- Revenues increased nearly \$3 million.
- Recommended that Net Assets at year end should equal 5% to 10% of the operating expense less depreciation. Guidelines on Net Assets are available from other sources but Dennis Juran supported the 5% to 10% guideline. (*Administration supports a more conservative percentage of 15%*).

One BOG member did request that the Net Assets percentages be calculated for the President's Control Unrestricted Funds and the Fund Manager Funds at June 30, 2009. This information is attached.

The Board of Governors had the option to continue the meeting with Dennis Juran without the Administration and Staff present. The Board of Governors representatives had no additional inquires and declined the invitation to meet with Dennis Juran in private session.

Pierpont Community & Technical College
Net Asset Percentages
As of June 30, 2009

	Unrestricted President's Control	Unrestricted Fund Manager	Unrestricted Fairmont State Board of Governors Support
Operating Expenses*	14,257,738	778,863	9,777,170
Net Assets	2,983,205	490,320	2,716,521
% of Net Assets to Operating Expenses	20.92%	62.95%	27.78%
*Operating Expenses include the following:			
Unrestricted - CTC - Pres. Control	14,599,106		
Unrestricted - CTC - Clearing & Adj.	1,648,440		
Pierpont CTC - Fund Managers		773,894	
Unrestricted - Buyout Fund		4,968	
Subtotal	16,247,546	778,863	
Less revenues from FSU for assessments:			
- Faculty services revenue	1,546,339	0	
- Support services revenue	193,124	0	
- Operating costs revenue	250,345	0	
Unrestricted Operating Costs - Adjusted	14,257,738	778,863	

5

**Board of Governors
Pierpont Community & Technical College
February 16, 2010**

ITEM: Legislative Audit Update – Fixed Asset Management
Fiscal Year 2008

INFORMATION ITEM:

COMMITTEE: Committee of the Whole

STAFF MEMBER: Rick Porto

BACKGROUND:

Legislative Auditors have been reviewing selected accounting processes and records since November 2008. Their initial review focused on Auxiliary Enterprise operations (including Athletics).

More recently, they completed a review of our Fixed Asset Management and issued their report to the Legislative Post Audit Subcommittee on January 11, 2010.

The Special Report on Inventory is a combined report on the audits of Fairmont State University, Concord University and WVU Institute of Technology. The report cites five findings for Fairmont State University. The complete report has been released by the Post Audit Subcommittee and can be viewed on the Legislative Post Audit website (<http://www.legis.state.wv.us/Joint/postaudit/reports.cfm>). Please find attached the recommendations for Fairmont State University and our responses to the findings.

As a result of the audit findings we will complete an annual physical equipment inventory with proper documentation completed for missing or lost items. The policy is to capitalize items with a cost of \$5,000 or more. Although firearms do not meet the cost criteria, we have added all firearms to the equipment inventory as recommended. Also, the Office of Information Technology has implemented an inventory system to track all computer systems throughout all campuses and locations.



President of Fairmont State University

*1201 Locust Avenue
Fairmont, West Virginia 26554
Phone: (304)367-4151
Fax: (304)367-4580*

December 11, 2009

Stacy L. Sneed, CPA, CICA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd. E.
Charleston, West Virginia 25305-0610

Dear Ms. Sneed,

This letter is in response to your letter dated December 8, 2009 concerning the preliminary draft of findings of the post audit special report on inventory. We have reviewed the report and have prepared the attached responses to be included in the special report for presentation to the Post Audit Subcommittee on Monday, January 11, 2010.

I have asked Mr. Rick Porto, Vice President for Administrative and Fiscal Affairs, to represent Fairmont State University at the formal exit conference scheduled for Friday, December 18, 2009 and again on Monday, January 11, 2010 when the special report is presented to the Post Audit Subcommittee.

If you have any questions or concerns following your review of our responses, please feel free to contact Mr. Rick Porto at 304-367-4689.

Sincerely,

Dr. Thomas L. Krepel

President, Fairmont State University

CC: Chancellor Brian Noland, Ph.D.
West Virginia Higher Education Policy Commission

Fairmont State University (FSU)
Inventory Management – Assets
Legislative Audit – Response to Findings
Audit Period: July 1, 2007 – June 30, 2008

Finding 1 – Improper Inventory Management:

Recommendation:

We recommend CU and FSU perform an institution-wide audit and physical inventory of the institution's assets on an annual basis; update items in the inventory system, as determined necessary; using the proper documentation; and keep an accurate inventory record at all times in accordance with Legislative Rule 133, Series 30 states in part, and Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual. Also, FSU should record the assigned location, model number, and serial number for all assets in the inventory system in accordance with Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual. In addition, we recommend CU and FSU affix asset tags to all assets meeting the requirements detailed in Legislative Rule Title 133, Series 30 and Board of Governor's Policies and ensure the tags are placed in a visible location.

Response:

Fairmont State University will implement an inventory policy in accordance with Section 9.3.4 of the West Virginia Higher Education Purchasing Procedures Manual. This policy will provide for an institutional-wide audit and physical inventory on an annual basis. The Accounting Office and Physical Plant Business Office will be responsible for completion of the annual physical inventory of capitalized equipment for financial reporting purposes. The Office of Information Technology will be responsible for maintaining a revolving inventory of computers and computer related equipment under \$5,000. The University will also keep proper documentation and accurate inventory records at all times. Also, in accordance with Section 9.3.3 of the West Virginia Higher Education Purchasing Procedures Manual FSU will record the assigned location, model number, and serial number for all assets in the Banner Fixed Asset Management System. Also, FSU will continue to affix asset tags to all assets within the fixed asset system with an acquisition cost of \$5,000 or greater. Also, in cases where a tag cannot be attached directly on the asset, the serial number or an alternative identifier will be used to identify the asset.

In fiscal year 2008, the Accounting staff worked with the Director of Information Technology to reconcile the Banner Fixed Asset Inventory Management System computer inventory with the database maintained by the Office of Information Technology. We believe that additional items

previously surplused should have been removed from the Banner System at that time. We will be doing a complete physical inventory of the campus in response to this review. This initial review will allow us to further update the Banner System records by removing any additional computers that were surplused without proper documentation being provided to Accounting to initiate the surplus action. For this initial review, we will be reasonably assured that that the assets have been surplused based on the acquisition date and life-cycle of the asset.

We recognize that proper documentation and required surplus actions have not taken place to remove assets from the Banner Fixed Asset Inventory Management System. We believe that once the initial annual inventory is completed and necessary adjustments are made to the records, the inventory system can be maintained accurately at all times. The current policy to capitalize equipment with cost of \$5,000 or greater will be continued by Fairmont State University.

Finding 2 – Improper Retirement:

Recommendation:

We recommend CU and FSU comply with Chapter 18B, Article 5, Section 7 of the West Virginia Code; and Legislative Rule Title 133, Series 30; and Section 10.3.1 of the WV Higher Education Purchasing Procedures Manual by completing and maintaining all retirement documentation for retired/surplus fixed assets.

Response:

It is the intent of Fairmont State's Management to comply with Section 10.3.1 of the West Virginia Higher Education Purchasing Procedures Manual by completing and maintaining all retirement documentation for retired/surplus fixed assets. In prior years, computers have been surplus as they were replaced on the three year life-cycle as budget was available. In the spring of 2008, Accounting determined from a review of the computers on the fixed asset management system that many of the computers had been replaced and not removed from the fixed asset records. Therefore, information was attained from a meeting with the Director of Information Technology in the spring of 2008 to compare the fixed asset management system records with the database maintained by Information Technology. The Director signed off on the Banner Fixed Asset Management System report that computers prior to a certain date could be removed with assurance that they had been surplus by Information Technology. All except one of the items in the sample were computer items surplus in the month of April 2008 and were part of this one time reconciliation of the Banner Fixed Asset Management System to the Information Technology records. However, Fairmont State's Management fully understands the responsibility to maintain proper records in regard to the retirement of fixed assets including computers. The Office of Information Technology has developed Computer Inventory Processes effective November 2009. The Office of Information Technology has implemented an inventory system to track computer systems and projectors throughout all campuses and locations. This system is focused on a secure centralized MS Access database. This database will provide a complete inventory of all active computer systems and projectors as well as those that have been retired (surplus). Both the Office of Information Technology Computer Inventory Processes for tracking surplus computers and the Banner Fixed Asset Management System surplus items will be supported by proper retirement documentation including authorized signatures in the future.

Finding 3 – Computers Not Being Entered Into Inventory System:

Recommendation:

We recommend FSU, WVU, and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all computers with a value of \$500.00 or greater are to be included in the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include computers in their respective inventory system.

Response:

Fairmont State University is required to follow the West Virginia Higher Education Purchasing Procedures Manual (July 2004). Authority to purchase and acquire materials, supplies, equipment, services and printing, entering into lease and lease-purchase agreements, and to dispose of surplus, obsolete and unusable materials, supplies and equipment is granted to the Council, Commission and Governing Boards in West Virginia code Section 18B-5-4 through Section 18B-5-9. As required by law, the Council and Commission have promulgated a procedural rule, *Series 30, Purchasing*, and a legislative rule, *Series 43, Purchasing Efficiencies*, to manage higher education purchasing. The West Virginia Higher Education Purchasing Procedures Manual does not require computers with a value of \$500.00 or greater to be included the Banner Fixed Asset Management System. Fairmont State will not adopt policies and procedures requiring computers with a value of \$500.00 or greater to be included in FSU's Banner Fixed Assets Management System. However, Fairmont State's Administration does recognize the responsibility to ensure that these assets are safeguarded from theft. Therefore, the Office of Information Technology has developed Computer Inventory Processes effective November 2009. The Office of Information Technology has implemented an inventory system to track all computer systems and projectors throughout all campuses and locations. This system is focused on a secure centralized MS Access database. This database will provide a complete inventory of all active computer systems and projectors as well as those that have been retired (surplused). The Administration and Management of the University support this new process of tracking computers because it provides safeguards to the assets without the costs of reporting these as assets on the financial statements along with three years of associated depreciation expense. It also provides for support for the physical inventory of computers to come from the Office of Information Technology who work with and upgrade the computers in their regular course of business.

Please find attached the Fairmont State University Office of Information Technology Computer Inventory Processes document.

Finding 4 – Annual Physical Inventory Not Properly Performed:

Recommendation:

We recommend CU and FSU perform an institution-wide physical inventory of the institution's assets on an annual basis and update the inventory records as necessary in accordance with Legislative Rule Title 133, Series 30 and the West Virginia Higher Education Purchasing Procedures Manual.

Response:

In accordance with Legislative Rule Title 133, Series 30 and the West Virginia Higher Education Purchasing Procedures Manual, Fairmont State University will perform an institution-wide physical inventory on an annual basis and update the inventory records as necessary.

Finding 5 – Firearms Not Being Entered Into Inventory System:

Recommendation:

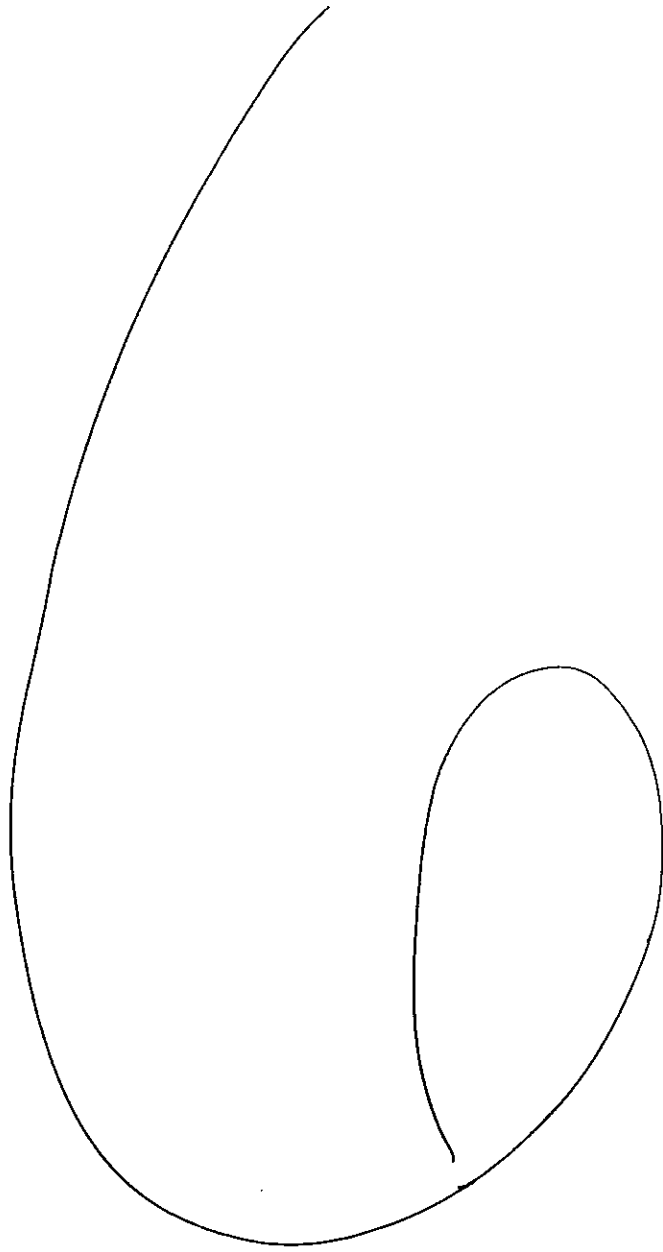
We recommend FSU and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all firearms are to be logged into the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under the WVHEPC include firearms in their respective inventory system.

Response:

Fairmont State University is required to follow the West Virginia Higher Education Purchasing Procedures Manual (July 2004). Authority to purchase and acquire materials, supplies, equipment, services and printing, entering into lease and lease-purchase agreements, and to dispose of surplus, obsolete and unusable materials, supplies and equipment is granted to the Council, Commission and Governing Boards in West Virginia code Section 18B-5-4 through Section 18B-5-9. As required by law, the Council and Commission have promulgated a procedural rule, Series 30, Purchasing, and a legislative rule, Series 43, Purchasing Efficiencies, to manage higher education purchasing. The West Virginia Higher Education Purchasing Procedures Manual does not mandate that firearms regardless of cost be included in FSU's Banner Fixed Asset Management System. However, Fairmont State's Administration believes that such practice is in the best interest of the University and will implement a practice to add all firearms regardless of cost to the fixed asset inventory.

The Department of Public Safety is responsible for safeguarding all firearms owned by the University. The Department has written procedures for both the police officer firearms and for the classroom training firearms. Officers are assigned a gun lock box for safekeeping the firearm when they are off duty. The classroom firearms are kept in a locked gun safe in the Department of Public Safety. The only person permitted to check out and sign in the student classroom guns is the instructor. The only person with the key to the gun safe for the classroom guns is the Chief of Police. We believe that these procedures and the gun lock boxes adequately safeguard the firearm assets in addition to them being included in the Banner Inventory System.

Please find attached the Department of Public Safety's Firearms Procedures.



**Pierpont Community & Technical College
Board of Governors
Meeting of February 16, 2010**

INFORMATIONAL ITEM: Funding for Locust Avenue Street Lighting and Signal Lighting

COMMITTEE: Committee of the Whole

WHEREAS, Board of Governors approved motion, in August 2008, to pay for moving of utility poles to rear of FSU property and for installation of decorative lighting along Locust Avenue between Bryant Street and Squibb Wilson Boulevard.

WHEREAS, Board of Governors did not approve to pay for installation of decorative signal lighting.

WHEREAS, Allegheny Power could not obtain necessary rights of way and easements required to move poles to rear of FSU property and now will only relocate overhead lines back enough to accommodate widening of Locust Avenue.

WHEREAS, Capital funding currently exists for work on this project in the amount of \$210,572.

NOW, Therefore, be it resolved that funding be appropriated for decorative signal poles in lieu of moving power poles to rear of FSU property along Locust Avenue.

NOW, Therefore, be it further resolved that FSU enter into agreement with Department of Highways and City of Fairmont in amount of \$153,000.00. Of this amount, \$33,000.00 was previously approved to cover cost of decorative street lighting. This will leave balance of Capital Funding of \$57,572.00

STAFF MEMBER

Jim Decker

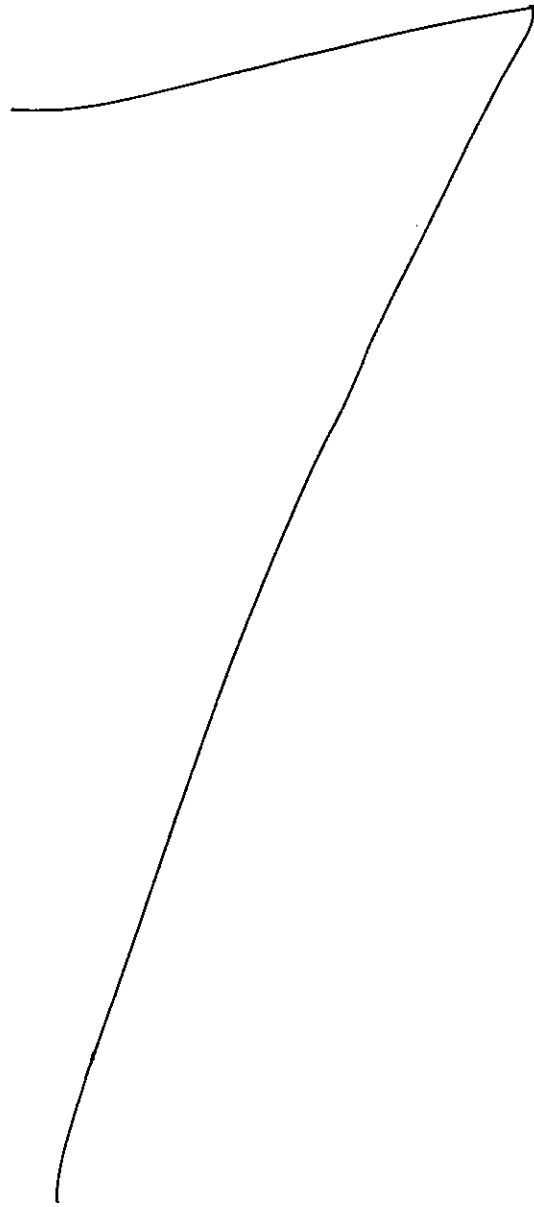
BACKGROUND:

This project has been ongoing for several years. Allegheny Power had worked on several iterations for relocation overhead lines, both underground and to back of FSU property. Underground costs were in excess of what FSU desired to pay. Overhead relocation brought easement and right of way problems that could not be resolved in timely manner.

Initially the DOH was to reimburse Allegheny Power for this relocation and FSU was only supplementing additional dollars for what we desired between our two entrances. Changes in legislation put the relocation cost back on utility companies, in lieu of DOH. At this point FSU was still willing to pay for our desires. We have now been made aware that easements and rights of way can not be easily and timely obtained. Therefore, Allegheny Power is moving ahead with plans to only relocate lines back far enough to accommodate the widening of Locust Avenue.

Capital dollars that were set aside for the relocation of utilities could be used for the installation of decorative traffic signals.

Existing capital funding	\$210,572.00
Previously approved street lighting	(\$33,000.00)
Balance that may be used for signals	<u>\$177,572.00</u>
Cost of decorative signal poles	(\$120,000.00)
Remaining project balance	<u>\$57,572.00</u>



Capital Project Update: January 25,2010

Academic Fund - Hunt Haught Hall Painting - Floors 3 & 4	Painting was completed on floors 3 and 4 the week of August 24th.
College Apartments Roof Replacement Bldg A/B	Project was completed the week of August 17th.
Education Building Roof & Waterproofing	Project is substantially complete. Minor punchlist items remain to be completed and/or touched up
Feaster Center Elevator	Project is 99% complete. Punch list work is continuing.
Feaster Center HVAC	Two new roof top units have been set in place and are running. Air balancing remains to be completed.
Hunt Haught Hall Glass Front	Project has not been started.
Infrastructure - Hardway Hall portico improvements	Contract with Paradigm Architecture has been finalized. Core boring work has been awarded to Triad Engineering. Plaster removal work has started under stairs and in small closets
Infrastructure - IT Emergnecy Back-up	Project has not been started.
Infrastructure - painting of roads and parking lots & Inspections	Project was completed week of August 21st.
Infrastructure - Pierpont Signage	Contract has been finalized with J D Signs. Work should be completed within 60 days of Notice to Proceed.
Folk Life Center	Painting and floor covering work is complete. HVAC work is complete with furnaces operating. Plumbing fixtures are being installed.
Locust Avenue	Schedule for work is to be determined by utility companies and WV Department of Highways.
Physical Plant - Landscaping	Several projects have been completed. There will be several more throughout the year.
Physical Plant Small Projects	Several projects have been completed. There will be many throughout the year.

