

Schedule

Meeting of the Pierpont Community & Technical College Board of Governors

March 16, 2010

Falcon Center Board Room
Fairmont, WV

1:00 P.M.	Finance Committee	Falcon Center Board Room
	Members: Kyle Hamilton (<i>Chair</i>) Linda Aman Dixie Copley James E. Griffin	Staff Resource: Dale Bradley
1:00 P.M.	Off Campus Facilities Committee	Falcon Conference Room 2
	Members: Leslie Lovett (<i>Chair</i>) Linda Aman Jeff Tucker Beverly Jones	Staff Resource: Rich McCormick Lyla Grandstaff Jeani Hawkins
1:00 P.M.	Marketing Committee	Falcon Conference Room 3
	Members: Dixie Copley (<i>Chair</i>) Earl McConnell Ryan Houser	Staff Resource: Jennifer Weist Sarah Hensley
* 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 March 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. Program Review (*Rich McCormick*)
5. Board Update on Fire Suppression Systems at NAEC (*Tom Stose*)
6. Off Campus Programs Coordinator Report (*Lyla Grandstaff*)
7. Bookstore Textbook Affordability Committee Progress (*Rick Porto*)
8. Legislative Audit Update (*Rick Porto*)
9. Capital Projects Update (*James Decker*)

Tab 2 - Informational

Tab 3 – Action Item

Tab 4 – Action Item

Tab 5 – Action Item

Tab 6 – Informational

Tab 7 - Informational

Tab 8 - Informational

Committee Reports

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

New Business

Old Business

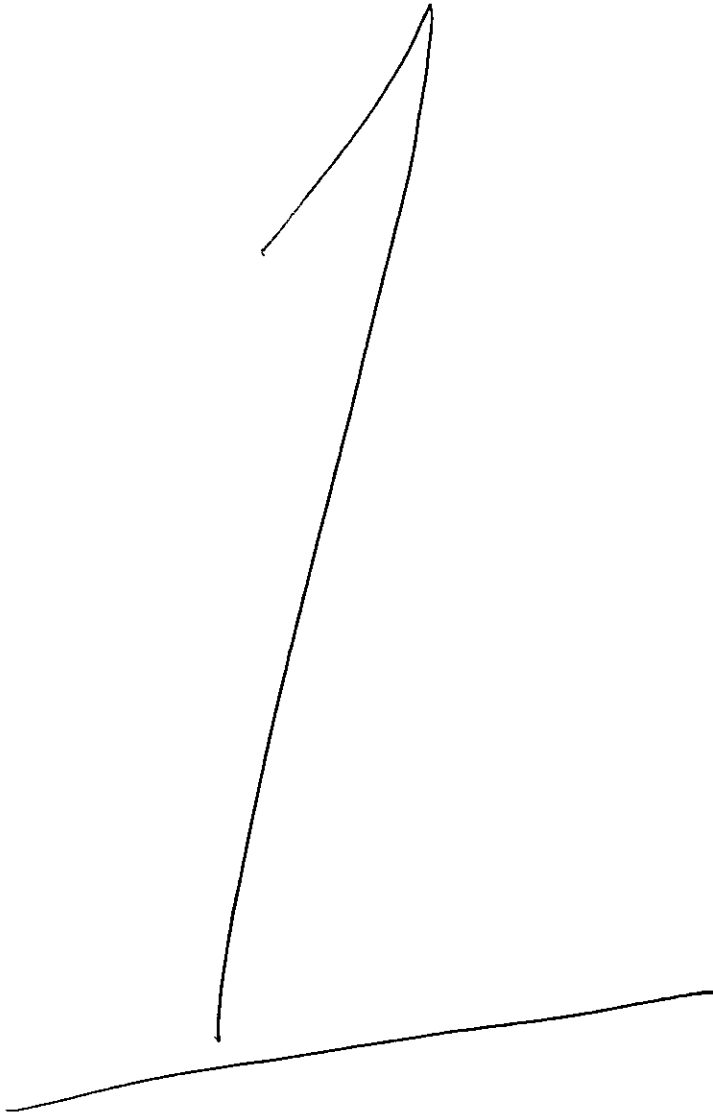
Public Comment

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, April 20, 2010 at the Falcon Center Board Room.



Pierpont Community & Technical College
BOARD OF GOVERNORS
MINUTES
December 15, 2009

Call to Order

A meeting of the Pierpont Community & Technical College Board of Governors was held on December 15, 2009 beginning at 2:00 p.m. in Falcon Center Board Room. Present at the meeting were Board Members: Leslie Lovett, Beverly Jones, James Griffin, Dixie Copley, Kyle Hamilton, Ryan Houser, Earl McConnell, Linda Aman, Eugene Weaver and Rick Pruitte. Absent were Jeff Tucker and John P. Jones.

Chair James Griffin called the meeting to order.

Approval of Minutes

Dixie Copley moved that the minutes of the October 20, 2009 and November 24, 2009 meeting be approved. Motion carried.

Constituent Reports

Brain Floyd presented the Faculty Assembly Report.
Mary Jo Rutherford presented the Classified Staff Report.
No report from Student Government.
Devanna Corley presented the Foundation Report.
Devanna Corley presented the Alumni Association Report.
Shannon Kelly presented the Athletic Association Report.

President's Report

President Blair Montgomery reported the Respiratory Care Program has received their accreditation. The Power Plant Program will be graduating its first cohort of 17 students at the December Commencement. 24 students have completed the Federal Acquisition Management Program offered through the Center for Workforce Education. This program is presented in partnership with the West Virginia Small Business Development Center and the US Small Business Administration. We have been awarded a \$220,000 program development grant for the Mechatronics Program.

Finance Report

Dale Bradley delivered the report on the Pierpont Community & Technical College Unrestricted and Restricted Funds and Fund Manager budgets.

Capital Projects Budget Adjustment

Jim Decker presented the Capital Projects update and the Education roof is 95% completed. The entrance signs will be updated. The Folk Life Center is continuing to be worked on.

Program Reviews

Rich McCormick presented the following Program Reviews for board approval: Business Technology, Information Systems Technology, Office Management and Technology. A motion was made by Beverly Jones to approve the continuation of all three programs at the current level of activity. Dixie Copley seconded the motion. Motion carried.

Presidential Search Firm Selection Process

Jennifer Weist reported on the Presidential Search Process for Pierpont Community & Technical College. The timeline for the search and make up for the search committee was discussed. A Student Representative has been included on the Search Committee but was left out of the list provided in the agenda book. This will be corrected before documentation is sent to the Community College Council for review. With this additional the Search Committee membership will include a total of 15 members. Kyle Hamilton moved to approve the Search Process as corrected. The motion was seconded by Earl McConnell. Motion carried.

Kyle Hamilton moved to appoint Jim Griffin as the Chair of the Presidential Search Committee. Linda Aman seconded the motion. Motion carried.

Off Campus Operation Committee

Leslie Lovett discussed the Green House in Monongalia County not being an option to use for classrooms. The committee is looking for the board for guidance to look at MTECH and the committee needs to do an assessment in the Monongalia County area.

Finance Committee

No report.

Marketing Committee

No report.

Separation of Assets and Liabilities

Kyle Hamilton moved to approve the agreement concerning Assets and Liabilities between the Fairmont State University Board of Governors and Pierpont Community & Technical College Board of Governors. Earl McConnell seconded the motion. Motion carried.

Executive Session

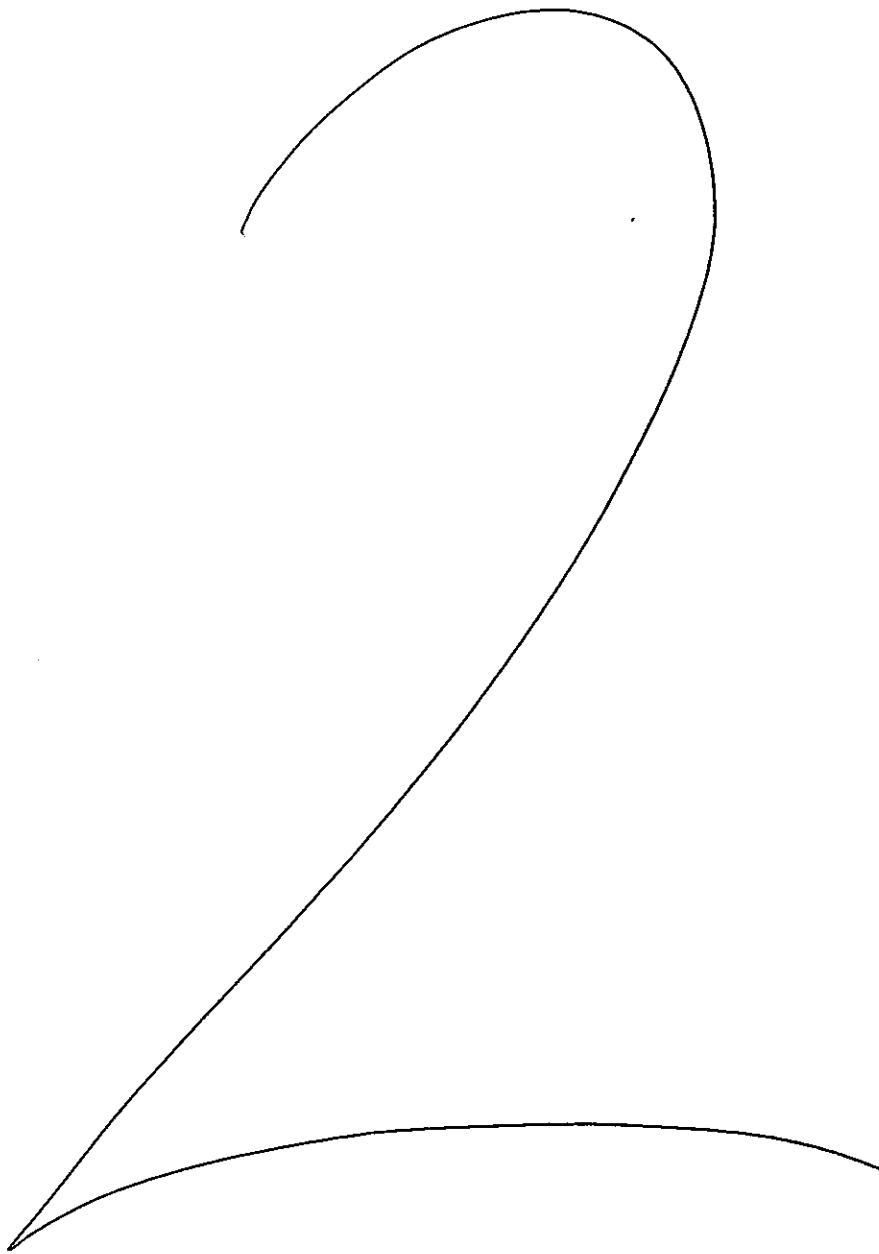
Kyle Hamilton moved pursuant 6-9A-4-2b of the WV Code that the Board go into Executive Session to discuss personnel and personal matters, which if discussed in public might adversely affect the reputation of any person. Dixie Copley seconded. Motion carried.

At the end of the executive session Rick Pruittee moved that his Board adjourn executive session and reconvene in open session. Kyle Hamilton seconded. Motion carried.

No action was taken by the Board.

Adjournment

There being no further business, the meeting was adjourned at 3:45 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	738,284.00	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	47.88
	Assessment for Faculty Services	1,288,259.00	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 Appr. 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	48.80
Subtotal:	17,284,106.04	8,099,737.89	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	-32,288.28	8.60	
Exclude - Transfers - Other	-67.40	-67.40	100.00	0.06
Subtotal:	-375,067.40	-32,335.68	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	62,953.92	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	50.36	-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	15,486,622.50	81.44%
	Utilities	500.00	29.39	5.88%
	Supplies and Other Services	1,055,713.74	211,526.36	20.04%
	Equipment Expense	134,585.29	38,232.08	28.41%
Sub Total		21,343,670.34	16,131,624.49	75.58%
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:		-60,251.71	79.25	-0.16%
OPERATING INCOME/LOSS		-6,660,527.06	-6,269,053.38	78.98%
BUDGET BALANCE		-1,591,252.39	-208,317.75	13.03%
NET ASSETS - Beginning of Year		1,756,103.28		
PROJECTED NET ASSETS - End of Year		164,850.89		

**Board of Governors
Financial Report FY 2010
Pierpont Community & Technical College
Unrestricted Funds
as of February 24, 2010**

The projected effect on net assets at June 30, 2010 as of February 24, 2010 is a decrease of (\$15,271.35). This represents a slight decline in the budget balance from the January 19th budget report. As of this report date we are approximately 67% through the FY 2010 Fiscal Year. During this time approximately 97% of tuition and fees revenues have been received with 84% of the overall revenue budget realized while approximately 57% of operating expenses have been incurred. The primary budget changes that impacted the budget from the January 19th report are as follows:

- **Operating and Non-operating Revenues:**
 - In the President's Controlled Funds there was a \$10,000 increase to the budget for Tuition and Fees Revenue due to updates to Student Financial Aid.
 - In the Fund Manager Controlled Funds additional revenues were received due to the implementation of increased course fees for the FY 2010 Academic Year. Additional revenues were also budgeted in the Workforce area due to increased business training activity.

- **Expenditure Budget:**
 - In the president's Controlled Funds there were a variety of changes including:
 - Shifts in budget between expenditure categories to address personnel changes. Net effect was no impact on the budget balance.
 - A \$10,000 increase to Student Financial Aid as the result of budget updates. This offset the corresponding additional revenue adjustment identified above. Net effect was no impact on the budget balance.
 - Recognized the \$18,624 in anticipated additional utility costs. This is the item primarily responsible for the change in projected budget balance between the January 19th Report and this report.
 - In the Fund Manager Controlled Funds there were a variety of changes increasing expenditures that offset the recognition additional course fee and Workforce training revenues. The net effect of all changes was a slight decrease of approximately (\$1,000) to the budget balance.

- **Non-Operating Revenues**
 - Recognized the Governor's Office mid-year budget cut of 3.4% resulting in a reduction to the State Appropriation by \$311,019 which was offset by Federal ARRA Stimulus Funds resulting in a zero net effect on the budget balance.

Of the projected effect on net assets of a decrease of (\$15,271.35) as of June 30, 2010; President's Controlled Fund(s) are projected to have a budget deficit of (\$9,061.73), Fund Manager's Controlled Fund(s) are projected to have a budget deficit of (\$6,209.62). The Actual Year-To-Date Budget Balance is \$3,170,565.

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

Current Year 2010 Prior Year 2009 Period February Current Unrestricted
LEVEL 2

		Budgeted Current Year	Actual Current Year	Actual To Budgeted Current Year
OPERATING REVENUES	Tuition and Fees	7,255,868.50	7,042,440.14	97.06
	Faculty Services Revenue	1,502,589.00	739,284.00	49.20
	Auxiliary Enterprise Revenue	0.00	0.00	
	Operating Costs Revenue	235,786.56	93,636.48	39.71
	Support Services Revenue	358,599.64	192,489.73	53.68
	Other Operating Revenue	371,155.00	147,206.48	39.66
	Subtotal:	9,723,998.70	8,215,056.83	84.48
OPERATING EXPENSES	Salaries	5,601,286.00	3,230,961.22	57.68
	Benefits	1,207,876.41	656,112.33	54.32
	Student financial aid-scholarships	459,748.00	426,708.83	92.81
	Utilities	0.00	974.88	
	Supplies and Other Services	1,647,000.34	847,899.64	51.48
	Equipment Expense	149,823.55	97,129.26	64.83
	Loan cancellations and write-off	0.00	0.00	
	Fees retained by the Commission	96,143.00	69,199.50	71.88
	Assessment for Faculty Services	1,268,259.00	611,409.00	48.21
	Assessment for Support Services	3,733,383.63	1,989,702.34	53.29
	Assessment for Tuition, Aux, & Capital Costs	1,365,913.00	1,137,284.00	83.26
	Assessment for Operating Costs	2,640,846.42	1,361,601.42	51.56
	Subtotal:	18,170,279.35	10,428,982.42	57.40
NONOPERATING REVENUES (EXPENSES)	State Appropriations	7,769,519.00	5,414,172.00	69.68
	State Appro. Federal ARRA Stimulus Backfill	658,876.00	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	61.51
EXCLUDE OPERATING ACCOUNT	Exclude - Assets	(375,000.00)	(32,268.29)	8.60
	Exclude - Indirect Cost Recoveries	4,420.30	2,582.16	58.42
	Exclude - Transfers - Other	0.00	0.00	
	Subtotal:	(370,579.70)	(29,686.13)	8.01
OPERATING INCOME/LOSS		(8,446,280.65)	(2,213,925.59)	26.21
BUDGET BALANCE		(15,271.35)	3,170,565.42	-20761.53
PERSONNEL BUDGET SAVINGS		0.00		
PROJECTED EFFECT ON NET ASSETS AT JUNE 30		(15,271.35)		
NET ASSETS - Beginning of Year		3,458,755.00		
PROJECTED NET ASSETS - End of Year		3,443,483.65		

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

Current Year	2010	Prior Year	2009	Period	February	Current Unrestricted	Pierpont C and TC - President
					Budgeted	Actual	Actual To
					Current Year	Current Year	Budgeted
							Current Year
OPERATING REVENUES	Tuition and Fees				6,527,262.00	6,425,847.40	98.45
	Faculty Services Revenue				1,502,589.00	739,284.00	49.20
	Auxiliary Enterprise Revenue				0.00	0.00	
	Operating Costs Revenue				235,786.56	93,636.48	39.71
	Support Services Revenue				358,599.64	192,489.73	53.68
	Other Operating Revenue				252,083.00	59,364.68	23.55
	Subtotal:				8,876,320.20	7,510,622.29	84.61
OPERATING EXPENSES	Salaries				5,395,155.00	3,098,239.39	57.43
	Benefits				1,172,143.00	635,384.16	54.21
	Student financial aid-scholarships				459,748.00	426,708.83	92.81
	Utilities				0.00	974.88	
	Supplies and Other Services				1,109,570.85	618,120.14	55.71
	Equipment Expense				69,741.63	43,409.42	62.24
	Loan cancellations and write-off				0.00	0.00	
	Fees retained by the Commission				96,143.00	69,199.50	71.98
	Assessment for Faculty Services				1,268,259.00	611,409.00	48.21
	Assessment for Support Services				3,733,383.63	1,989,702.34	53.29
	Assessment for Tuition, Aux. & Capital Costs				1,365,913.00	1,137,284.00	83.26
	Assessment for Operating Costs				2,640,846.42	1,361,601.42	51.56
	Subtotal:				17,310,903.53	9,992,033.08	57.72
NONOPERATING REVENUES (EXPENSES)	State Appropriations				7,769,519.00	5,414,172.00	69.68
	State Appro. Federal ARRA Stimulus Backfill				558,876.00	0.00	0.00
	Gifts				0.00	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:				8,800,589.00	5,414,177.14	61.52
EXCLUDE OPERATING ACCOUNT	Exclude - Assets				(375,000.00)	(32,268.29)	8.60
	Exclude - Transfers - Other				(67.40)	(67.40)	100.00
	Subtotal:				(375,067.40)	(32,335.69)	8.62
OPERATING INCOME/LOSS					(8,434,583.33)	(2,481,410.79)	29.42
BUDGET BALANCE					(9,061.73)	2,900,430.66	-32007.47
PERSONNEL BUDGET SAVINGS					0.00		
PROJECTED EFFECT ON NET ASSETS AT JUNE 30					(9,061.73)		
NET ASSETS - Beginning of Year					2,983,205.00		
PROJECTED NET ASSETS - End of Year					2,974,143.27		

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

Current Year	2010	Prior Year	2009	Period	February	Current Unrestricted Pierpont C and TC Fund Managers	Actual To Budgeted Current Year
					Budgeted Current Year	Actual Current Year	Actual To Budgeted Current Year
OPERATING REVENUES	Tuition and Fees				728,606.50	616,592.74	84.63
	Federal Grants and Contracts				0.00	0.00	0.00
	State/Local Grants and Contracts				0.00	0.00	0.00
	Other Operating Revenue				119,072.00	87,841.80	73.77
	Subtotal:				847,678.50	704,434.54	83.10
OPERATING EXPENSES	Salaries				206,131.00	132,721.83	64.39
	Benefits				35,733.41	20,728.17	58.01
	Supplies and Other Services				537,429.49	229,779.50	42.76
	Equipment Expense				80,081.92	53,719.84	67.08
	Loan cancellations and write-off				0.00	0.00	
	Subtotal:				859,375.82	436,949.34	50.84
NONOPERATING REVENUES (EXPENSES)	Gifts				1,000.00	0.00	0.00
	Other nonoper rev - OPEB Liability				0.00	0.00	
	Subtotal:				1,000.00	0.00	0.00
EXCLUDE OPERATING ACCOUNT	Exclude - Assets				0.00	0.00	0.00
	Exclude - Indirect Cost Recoveries				4,420.30	2,582.16	58.42
	Exclude - Transfers - Other				67.40	67.40	100.00
	Subtotal:				4,487.70	2,649.56	59.04
OPERATING INCOME/LOSS					(11,697.32)	267,485.20	-2286.72
BUDGET BALANCE					(6,209.62)	270,134.76	-4350.26
PERSONNEL BUDGET SAVINGS					0.00		
PROJECTED EFFECT ON NET ASSETS AT JUNE 30					(6,209.62)		
NET ASSETS - Beginning of Year					475,550.00		
PROJECTED NET ASSETS - End of Year					469,340.38		

**Board of Governors
Financial Report
Pierpont Community and Technical College
Restricted Fund
For the period as of February 24, 2010**

Operating Revenues:

Federal and State Revenues decreased	(\$344,650.00)
Federal Unsub Loans	(\$400,000.00)
Federal Parent Plus Loans	(\$100,000.00)
State Higher Ed. Grants	\$150,000.00
Gear Up Grants	5,350.00

Non-Operating Revenues

Pell Revenues Increased	\$450,000.00
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Operating Expenditures:

Overall Financial Aid Expenditures increased	\$105,350.00
Federal Unsub Loans	(\$400,000.00)
Federal Parent Plus Loans	(\$100,000.00)
Federal Pell Grants	\$450,000.00
State Higher Ed. Grants	\$150,000.00
Gear Up Grants	5,350.00

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 Feb Current Restricted
LEVEL 2

		Budgeted	Actual Current	Actual to
		Current Year	Year	Budgeted
				Current Year
OPERATING REVENUES	Tuition and Fees	157,402.03	77,613.89	49.31%
	Federal Grants and Contracts	10,831,469.74	10,160,793.14	93.81%
	State/Local Grants and Contracts	2,370,534.51	1,961,586.41	82.75%
	Private Grants and Contracts	899,587.00	550,451.34	61.19%
	Other Operating Revenues	79,500.00	56,878.09	71.54%
Sub Total		14,338,493.28	12,807,322.87	89.32%
OPERATING EXPENSES	Salaries	1,009,114.27	423,158.37	41.93%
	Benefits	139,565.71	75,623.97	54.19%
	Student Financial Aid-Scholarships	19,121,375.00	17,790,699.66	93.04%
	Utilities	500.00	33.39	6.68%
	Supplies and Other Services	1,046,999.34	244,776.61	23.38%
	Equipment Expense	131,466.02	43,161.39	32.83%
Sub Total		21,449,020.34	18,577,453.39	86.61%
NONOPERATING REVENUES (EXPENSES)	Federal Pell Grant Revenues	5,569,526.38	5,498,966.38	98.73%
Sub Total:		5,569,526.38	5,498,966.38	98.73%
EXCLUDE OPERATING	Exclude - Assets	-112,898.80	-83,495.00	73.96%
	Exclude - Transfers for Fin Aid Match	67,067.40	39,113.00	58.32%
	Exclude - Indirect Cost Recoveries	-4,420.31	-2,582.16	58.42%
	Exclude - Transfers - Other	0	0	0.00%
Sub Total:		-50,251.71	-46,964.16	93.46%
OPERATING INCOME/LOSS		-7,110,527.06	-5,770,130.52	81.15%
BUDGET BALANCE		-1,591,252.39	-318,128.30	19.99%
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
March 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 \$110,000 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.

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**Board of Governors
Pierpont Community & Technical College
March 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	

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

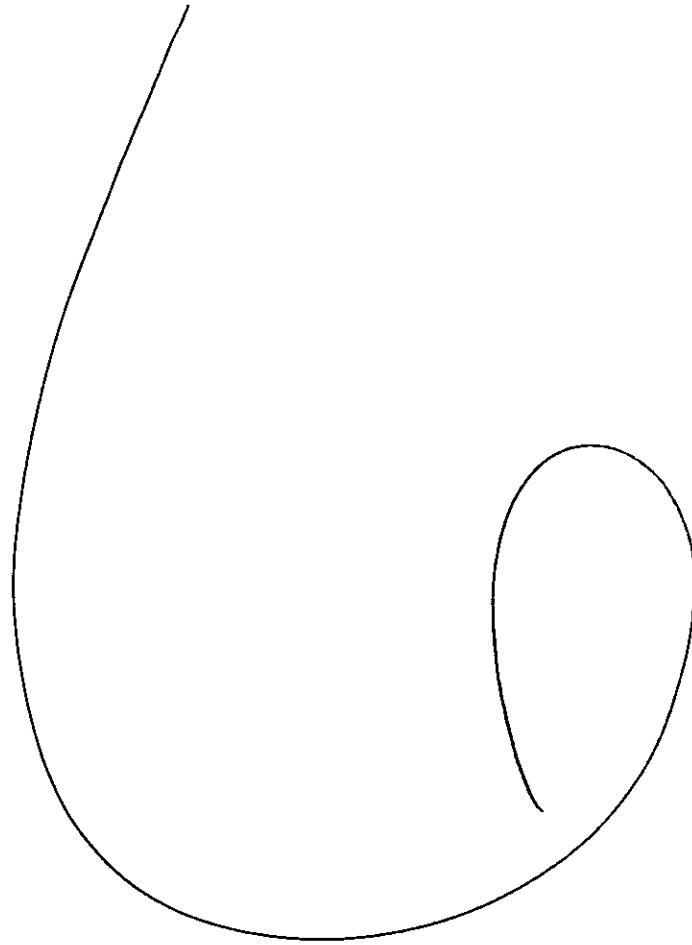
ITEM: Program Review: Veterinary Technology

COMMITTEE: Committee of the Whole

RECOMMENDED RESOLUTION: Resolved, that the Pierpont Community & Technical College Board of Governors approve the continuation of all three programs at the current level of activity.

STAFF MEMBER: Rich McCormick

BACKGROUND: The Veterinary Technology program has been reviewed by the advisory committee, program faculty, Dean of Health Careers, Vice President for Administration and President. All are in agreement that the program is of quality, growth and is needed by the citizens and industry of north central West Virginia.



**Board of Governors
Pierpont Community and Technical College
March 16, 2010**

ITEM: Bookstore Textbook Affordability Committee Progress

INFORMATION ITEM:

COMMITTEE: Committee of the Whole

STAFF MEMBER: Rick Porto

BACKGROUND:

Since the last report the Bookstore Textbook Affordability Committee met and reviewed Procedural Rule Series 51 (copy attached).

This rule is in the 30 day comment period and the committee will be providing feedback to this rule.

The committee is working on an update of the Bookstore web-site to make available to students and faculty information related to federal and state rules for textbook affordability. They are also working on the Institutional Bookstore Policy update incorporating information from Series 51 and committee developed enforcement rules that will lend to timelier book adoptions and provide for the bookstore manager an ability to enforce policy rules.

The committee is hopeful to be able to provide a revised policy to the Board of Governors at the April meeting.

TITLE 135
PROCEDURAL RULE
COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION

SERIES 51

BOOKSTORES AND TEXTBOOKS

§135-51-1. General.

- 1.1. Scope - Rule establishing process and guidelines for institutions to adopt rules governing the selection, adoption, use and sale of textbooks and other course materials.
- 1.2. Authority - - W. Va. Code § 18B-1B-4, 18B-10-14.
- 1.3. Filing Date - _____
- 1.4. Effective Date - _____

§135-51-2. Purpose.

- 2.1. To require institutions to promulgate rules that fully and adequately address the mandates in W. Va. Code § 18B-10-14 regarding the operation of bookstores and the actions of employees of the institution in the selection and adoption of textbooks and course materials.
- 2.2. To require institutions to promulgate rules that will effectuate the mandates regarding textbooks and supplementary course materials set out by Congress in the Higher Education Opportunity Act (HEOA) enacted on August 14, 2008, and any successor to that Act.
- 2.3. To require institutions to promulgate rules addressing the recommendations of the Statewide Task Force on Textbook Affordability contained in the final report of that Task Force jointly adopted by the Higher Education Policy Commission and the Council for Community and Technical College Education (Council).

§135-51-3. West Virginia Code Mandates.

- 3.1. Each institutional governing board under the jurisdiction of the Council shall promulgate rules that fully and adequately address the statutory mandates of W. Va. Code § 18B-10-14. Specifically, these rules shall, at a minimum:

3.1.1. Provide specific mechanisms to ensure that bookstores operated at institutions under the governing board's jurisdiction minimize the costs to students for textbooks and course materials. To that end, the governing board rule shall:

3.1.1.1. Commit, to the maximum extent practicable, to the number of used books the bookstore will repurchase from students at the end of each semester.

3.1.1.2. Commit, to the maximum extent practicable, a range of percentage repurchase prices based on the new textbook price.

3.1.1.3. Commit, to the maximum extent practicable, to a selection procedure that will ensure certain basic textbooks will be utilized for a reasonable number of consecutive years without new editions being adopted, or selection of basic textbooks where earlier editions are easily utilized in the courses.

3.1.2. Prohibit any employee of the governing board from receiving any payment, loan, subscription, advance, deposit or money, service benefit or thing of value, present or promised, as an inducement for requiring students to purchase a specific textbook or supplemental course materials, provided, however, that an employee may receive royalties or other compensation from such sales that include the employee's own writing or work. An employee may also receive free sample copies, instructor's copies and instructional material but may not resell those items and retain the proceeds.

3.1.3. Prohibit any employee of the governing board from requiring for any course a textbook that includes his or her own writing or workbook if the textbook incorporates either detachable worksheets or workbook-style pages intended to be written in or removed from the textbook. This does not prohibit an employee from requiring as a supplement to a textbook any workbook or similar material which is published independently from the textbook.

3.1.4. Provide firm deadlines for faculty to be assigned to courses and textbooks and course materials to be selected prior to each semester.

3.1.4.1. For those deadlines not met there shall be a mechanism in place reasonably calculated to ensure that used textbooks, if available, can be located and purchased by the time of enrollment each semester to the maximum extent practicable.

3.1.4.2. This mechanism may include such measures as default selection of certain textbooks, continuing to use the previous

textbook, or having a chair or dean select the textbook. Any such textbook default selection must be strictly enforced and faculty not allowed to change the selection

3.1.5. Provide that a listing of all selected textbooks and materials selected and assigned prior to each semester shall be prominently posted immediately after such selection process is completed and the textbook and course materials are designated for order by the bookstore.

3.1.5.1. In a central location on campus communicated to the student body;

3.1.5.2. In every campus bookstore operated at the institution;

3.1.5.3. On the institution's website; and

3.1.5.4. With the International Standard Book Number (ISBN), edition number and any other relevant information regarding each textbook or supplemental course materials.

3.1.6. Provide that by November 1 of each year, the institution shall report to the Chancellor of the Council, for the prior fiscal year, the deadlines established for faculty to be assigned to courses; the deadlines for textbooks and course materials to be selected; the percentages of those deadlines met; and the dates the listing of assigned textbooks and course materials were posted pursuant to the requirements of Section 3.1.5 of this rule.

3.1.7. Provide that all revenue the institution receives from a private entity for bookstore operation is utilized for non-athletic scholarships at the institution.

§135-51-4. Federal Mandates.

4.1. Each institutional governing board under the jurisdiction of the Council shall promulgate rules that fully and adequately address the federal mandates regarding textbooks contained in the Higher Education Opportunity Act of 2008 (Public Law 110-315). Specifically, these rules shall, at a minimum:

4.1.1. Provide that textbook publishers soliciting any employee of the governing board to select textbooks or supplemental course material provide that employee, in writing:

4.1.1.1. The price of the textbook and supplemental course materials;

4.1.1.2. The copyright dates of the three previous editions, if any;

4.1.1.3. A description of substantial content revisions from the previous editions;

4.1.1.4. Whether the textbook is available in other lower cost formats and, if so, the price to the institution and the general public;

4.1.1.5. The price of textbooks unbundled from supplemental material; and

4.1.1.6. The same information, to the extent practicable, for custom textbooks.

4.2.1. Provide that no employee of the governing board shall select or assign a textbook or supplemental course materials if the publisher has not supplied the information, in writing, required by Section 4.1.1 of this rule.

4.3.1. Provide a penalty for publishers that do not supply the information required by Section 4.1.1 of this rule.

4.4.1. Provide that the institution shall provide on its electronic course schedule, or through a link to its bookstore's website, prior to course enrollment each semester for all required or recommended textbooks and supplemental material:

4.4.1.1. The ISBN number and retail price, or if the ISBN number is not available then the author, title, publisher and copyright date.

4.4.1.2. If such disclosure is not practicable, then the designation

4.4.1.3. A reference shall be made on any written course schedule to the information available on the electronic course schedule accessible through the institutional website and the internet address for the electronic course schedule.

4.5.1. Provide that the institution will include on its website or through a link to its bookstore's website and electronic course schedule any of its policies or provisions for:

4.5.1.1. Rental of textbooks;

- 4.5.1.2. The purchase of used textbooks;
- 4.5.1.3. Textbook repurchase or buy backs; and
- 4.5.1.4. Alternative content delivery programs.

4.6.1. Provide that the institution will update its policies to comply with any future federal mandates.

§135-51-5. Textbook Affordability Committee.

5.1. Each institution shall establish a permanent Textbook Affordability Committee consisting of faculty, students, administrators and bookstore representatives which shall meet periodically, but at least annually, to advise the faculty senate, student government, administration, and institutional board of governors on affordability issues and initiatives, textbook selection guidelines and strategies, and educational opportunities.

5.2. The governing board shall annually meet with the Textbook Affordability Committee to receive any recommendations or reports it may have generated and copies of any such recommendations and reports shall be transmitted to the Chancellor of the Council.

§135-51-6. Required Provisions.

6.1. In adopting the policies required by this rule each governing board shall:

6.1.1. Adopt guidelines for faculty in the selection of textbooks and supplementary course materials that ensure appropriate, high quality course materials are selected but give students timely access to the most affordable materials. Institutions are encouraged to consider:

6.1.1.1. Requiring faculty to consider more than one textbook publisher and compare prices for textbooks and course materials;

6.1.1.2. Requiring that all new textbook selections submitted to the appropriate dean or chair for approval be accompanied by the written information required from the publisher pursuant to Section 4.1.1 of this rule;

6.1.1.3. Discouraging selection of textbooks in which less than 50 percent of the content will be used in the course unless the same textbook will be utilized by the student in other courses;

6.1.1.4. Encouraging selection of textbooks that have low cost alternative editions available;

6.1.1.5. Encouraging selection of textbooks it is believed will not be revised by the publisher in the near future;

6.1.1.6. Utilizing consortiums which make available open source textbooks or course materials to faculty and students free or at low cost;

6.1.1.7. Directing an examination of the feasibility of operating a textbook rental program;

6.1.1.8. Providing that the institution shall conduct training for all faculty, at the time of hire and periodically thereafter, on textbook selection and strategies that guarantee high quality course materials at the most affordable cost;

6.1.1.9. Providing that at least one administrator at the institution shall be designated as a liaison with textbook publishers, to be responsible for dissemination of relevant information to the faculty on textbook strategies and education and training opportunities regarding textbook selection, and to enforce the policies the governing board adopts;

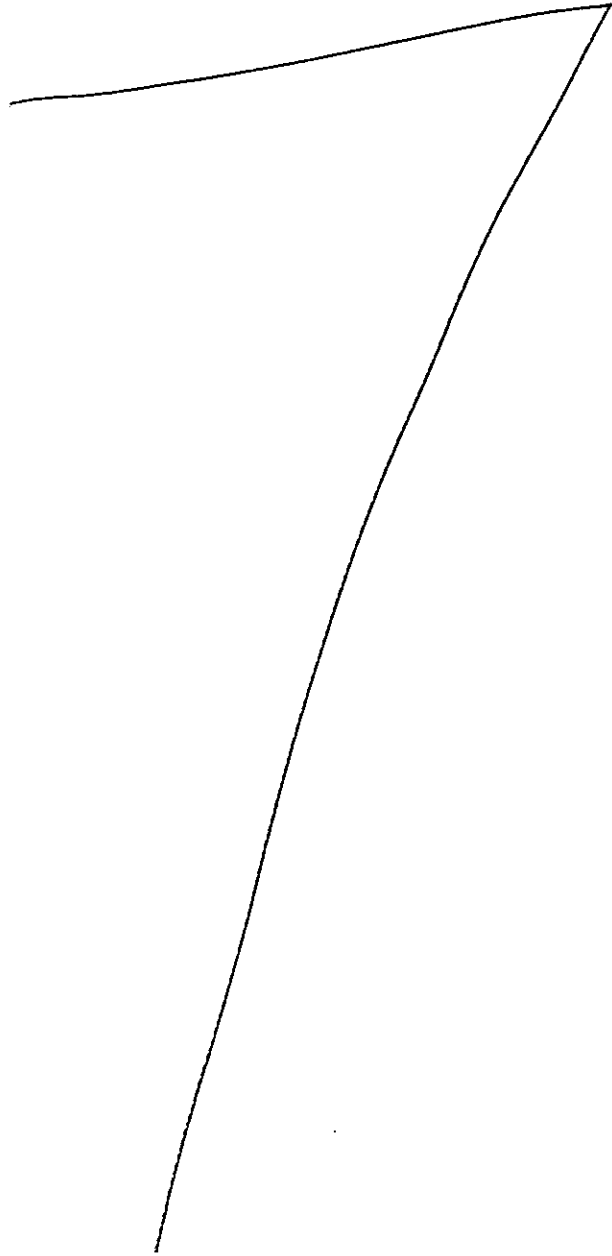
6.1.1.10. Providing that the institution, to the maximum extent practicable, consider placing a copy of required textbooks on reserve in the institutional or departmental library;

6.1.1.11. Addressing the issue of providing financial aid to students prior to the start of classes that will allow them to purchase course materials; and

6.1.1.12. Addressing the institution's commitment to utilizing various 21st Century technology innovations for the provision of textbooks and course materials, such as electronic textbooks, on-line textbooks, print-on-demand services, open source materials, and institution produced textbooks.

§135-51-7. Deadline.

7.1. The rules required by this rule shall be adopted by each governing board within 180 days of the effective date of this rule.



**Board of Governors
Pierpont Community & Technical College
March 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 surplus 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 surplus 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 surplus 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:

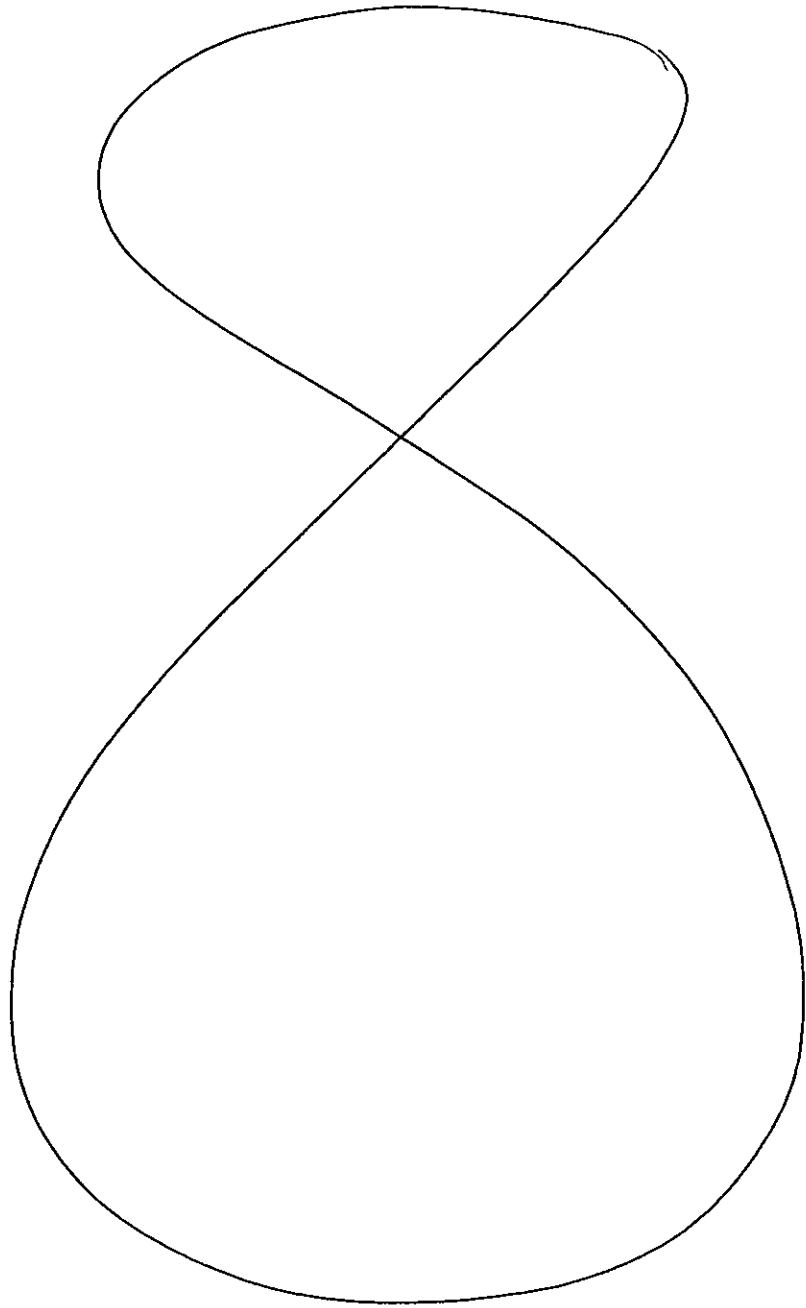
We recommend FSU and WVUIT establish policies that mirror the State of West Virginia Purchasing Division's requirements that all firearms are to be logged into the institution's respective inventory system. Also, we recommend the WVHEPC consider changing its policies to require all institutions under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



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.

CAPITAL PROJECTS

FY 2010

Academic Fund	\$ 100,000.00	\$ (25,000.00)	\$ 75,000.00	\$ 54,400.00	\$ -	\$ 20,600.00	Painting HHH : \$54,400 9/1/09
College Apartments - Building A/B Roof	\$ 73,000.00	\$ (29,070.00)	\$ 48,930.00	\$ 48,930.00	\$ -	\$ -	8/30/2009
College Apartments - Building C Carpet	\$ 315,000.00	\$ (7,684.12)	\$ 7,315.88	\$ 7,315.88	\$ -	\$ -	8/15/2009
Education Building - Exterior Waterproofing	\$ 185,000.00	\$ (12,500.00)	\$ 172,500.00	\$ 126,463.57	\$ 36,866.43	\$ 9,170.00	
Education Building - Roof Replacement	\$ 320,000.00	\$ (12,500.00)	\$ 307,500.00	\$ 206,805.72	\$ 74,614.29	\$ 26,079.99	
Feaster Center - Elevator & Steps	\$ 1,489,127.93	\$ -	\$ 1,489,127.93	\$ 1,470,314.99	\$ 18,812.94	\$ (0.00)	
Feaster Center - HVAC Phase II	\$ 298,774.00	\$ -	\$ 298,774.00	\$ 268,898.60	\$ 29,877.40	\$ -	
Hunt Haught Hall Glass Front	\$ 250,000.00	\$ (11,614.00)	\$ 238,386.00	\$ -	\$ -	\$ 238,386.00	
Infrastructure - Hardway Hall	\$ 400,000.00	\$ -	\$ 400,000.00	\$ 5,062.60	\$ 52,512.50	\$ 342,425.00	
Infrastructure - IT Emergency Back-Up	\$ 200,000.00	\$ (2,701.00)	\$ 197,299.00	\$ -	\$ -	\$ 197,299.00	
Infrastructure - Painting & Striping Roadway & Parking Lots	\$ 58,000.00	\$ -	\$ 58,000.00	\$ 57,543.08	\$ -	\$ 456.92	9/1/2009
Infrastructure - Pierpont Signage	\$ 58,734.00	\$ -	\$ 58,734.00	\$ 1,450.00	\$ 26,686.00	\$ 30,598.00	
IT Software - Card System	\$ 40,000.00	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ -	completed - not capitalized
Kennedy Barn - Folklife Center - Phase II	\$ 568,789.00	\$ -	\$ 568,789.00	\$ 405,046.40	\$ 88,990.79	\$ 74,751.81	
Locust Avenue	\$ 279,289.00	\$ (68,717.00)	\$ 210,572.00	\$ -	\$ -	\$ 210,572.00	
Physical Plant - Landscaping	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 43,779.28	\$ 3,200.00	\$ 53,020.72	
Physical Plant Small Projects	\$ 202,959.39	\$ -	\$ 202,959.39	\$ 59,069.14	\$ 91,560.89	\$ 52,329.36	Parking Lot Proj; \$29,259.38; 8/15/09
	\$ 4,638,673.32	\$ (164,786.12)	\$ 4,473,887.20	\$ 2,795,077.16	\$ 423,121.24	\$ 1,255,688.80	