



BOARD

OF

GOVERNORS

September 20, 2011

Schedule/Agenda

Meeting of the Pierpont Community & Technical College Board of Governors

September 20, 2011

Falcon Center Board Room
Fairmont, WV

***2:00 P.M. Full Board Meeting**
*North Elementary School
825 Chestnut Ridge Road
Morgantown, WV 26505
304-291-9280*

Legislated purpose for Pierpont Community and Technical College

**H. B. 3215 – establishing community
colleges, 18B – 3C-8 Legislative findings
and intent**

“The primary goal of the Legislature is to create a statewide network of independently accredited community and technical colleges that focus on technical education, workforce training, and lifelong learning for the Twenty-First Century.”

“A necessary precedent to accomplishing the legislative goal is to change the way that leaders at all levels of education, including institutional governing boards, view community and technical colleges. Specifically, that the mission of technical colleges is different from that of traditional four-year colleges in what they accomplish and how they can achieve it effectively and that the state cannot compete successfully in today’s information-driven, technology-based economy if community and technical colleges continue to be viewed as add-ons or afterthoughts attached to baccalaureate institutions.”

Pierpont Community & Technical College
Board of Governors Meeting
September 20, 2011

Call to Order

1. Opening Comment
2. Last Call for Public Comment Sign Up
3. Approval of Minutes (*August 16, 2011*)

Tab 1 – Action Item

Special Recognitions

Operation Reports

1. President’s Report (*Doreen Larson*)
2. Academic Affairs (*Leslie Lovett*)
3. Classified Staff Council Report (*Mary Jo Rutherford*)
4. Center for Workforce Education Report (*Paul Schreffler*)
5. Faculty Assembly Report (*Brian Floyd*)
6. Student Government Report (*Megan Gibson*)
7. Foundation Report (*Craig Shaffer*)

Tab 2 – Informational

Committee of the Whole

1. Financial Report (*Dale Bradley*)
2. Capital Projects Update (*James Decker*)

Tab 3 – Informational

Tab 4 – Informational

Committee Reports

1. Finance Committee (*Dale Bradley*)
 - a. Audit for Applying Agreed Upon Procedures Over Cash/Depositing Practices
 - b. Moody’s Bond Rating for Bonds (Series 2002A, 2002B, 2003A, and 2003B)
2. Off Campus Operations Committee (*Tom Stose*)
3. Marketing Committee (*Dixie Copley*)
4. ATC Advisory Board Executive Committee (*Earl McConnell*)

Tab 5 – Informational

Tab 6 – Informational

New Business

Old Business

1. Vision Shared Statewide Workforce Development Conference
“Certified Success: Competing in Today’s Economy”
September 29 – 30, 2011 at Oglebay Resort, Wheeling, WV
(800) 624-6988 or (304) 243-4090
2. WVCCA and WVADE 2011 Joint Annual Conference
October 26 – 28, 2011 at Glade Springs, WV
(866) 562-8054 – Glade Springs Resort

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 will be on Tuesday, October 18, 2011 – Falcon Center Board Room, 2:00 PM.

Tab

1

PIERPONT COMMUNITY & TECHNICAL COLLEGE
BOARD OF GOVERNORS MEETING
August 16, 2011
3:00 PM

MINUTES

Call to Order

A meeting of the Pierpont Community & Technical College Board of Governors was held on August 16, 2011, beginning at 3:00 PM in the Falcon Center Board Room. Present at the meeting were Board members: Chairman James Griffin, Linda Aman, Dixie Copley, Barbara Hendrey, Beverly Jones, Earl McConnell, Rick Pruitte, Tom Stose, Jeff Tucker, and Eugene Weaver. Present via teleconference was Kyle Hamilton. Absent was Sharon Shaffer. Also present were: President Doreen Larson, and Cyndee Sensibaugh.

Last Call for Public Sign Up

Chairman Griffin announced last call for public sign up for comments to the Board.

Approval of Minutes

Dixie Copley moved that the Minutes of the June 21, 2011 Board of Governors Meeting be approved. Tom Stose seconded the motion. All agreed and the motion carried.

Special Recognitions

Chairman Griffin and Dr. Larson recognized, and thanked, the co-presidents of Lifelong Learners, David Sturm and Peggy Edwards, for funding the 2011-2012 Lifelong Learners Scholarship of \$2,000 that will be used to financially assist Pierpont non-traditional students.

Dr. Larson read a Letter of Recognition to the Board, written by Aviation Maintenance student Gregory A. Bartlett, describing the tutorial support Mr. Bartlett received from Professor Brad Gilbert. Professor Gilbert was in attendance and received the Board's thanks and praise for the excellent job he has done.

Dr. Larson thanked Cynthia Woodyard, representative of Hospice Care Corporation, for the work and success of the 2011 Walk for Hospice Event. Pierpont was a sponsor of the event that reached out to 12 counties in West Virginia. Ms. Woodyard informed the Board that the Hospice Care Corporation is one of the oldest, independent nonprofit organizations that provides services that touch lives, and will not turn anyone away for the inability to pay.

President's Report

Dr. Doreen Larson provided a review of ten goal areas for the 2011-2012 academic year. They are...

- 1) *Enrollment and Retention Growth* – Currently, Pierpont is up by 17 percent in credit enrollment over this time last year, with enrollment increases in each county location. New high schools have been added as dual enrollment partners, and programs have been launched, such as; health care courses in Braxton County, and at the Locust Avenue campus - Mechatronics and Culinary.
- 2) *North ATC Project* – Program planning has been conducted over the summer with the Chancellors office and local industries to complete the final plans for the Center. A groundbreaking ceremony is being planned with the Chancellors office and is tentatively scheduled for late September.
- 3) *Grants and External Funding* – A summary report of Pierpont's state workforce and continuing education grant funding reflected over \$1.2 million awarded in workforce funding and \$1.3 million awarded for the ATC expansion.
- 4) *Partnerships with Fairmont State University* – Pierpont has been able to partner with FSU to provide combined events for Professional Development Week. Pierpont has developed a Campus Compact statement in our Strategic Priorities document that outlines our relationship with FSU. It states: "Pierpont values its historic links with FSU and in particular, values the unique and diverse options provided for students on the shared Pierpont/FSU campus. Pierpont recognizes that limited educational resources cannot support isolated 'stand-alone' campus facilities but require a college to fully partner with the communities it plans to serve. The college intends to extend this foundational concept by developing facilities embossed within existing business and educational communities."
- 5) *Collaboration with the Foundation* – The Fairmont State Foundation has scheduled meetings with Pierpont and energy sector related companies to develop coordinated curriculum and gain support for our adult student scholarships. The Foundation will also support our ATC fall event and scholarship fundraiser.
- 6) *HLC Accreditation and Academic Excellence* – Emphasis is being placed on meeting the benchmarks of our Quality Initiatives for accreditation. Faculty surveys were conducted and analyzed and shared with the faculty as part of Development Week. The results will be shared with Pierpont graduates and community and business partners serving on our advisory boards. Areas of general education outcomes that are being targeted are; communication, quantitative literacy, critical thinking, professionalism, global awareness and diversity, and technical literacy.
- 7) *Community Involvement* - Dr. Larson thanked the Board for their representation of Pierpont at the many community events. Many members attended the Marion

County Chamber of Commerce Dinner and social events at the Shaw House. Board members have also traveled to North Carolina to tour the Catawba Community College Technical Center. Dr. Larson and her husband Len have been named the co-chairs of the Marion County United Way, serving with chairs Barb and Alan Mollohan.

- 8) *Strategic Planning and Program Growth* – The final draft of the Pierpont Strategic Plan has been presented and will be ready for approval from the Board in the near future. The Plan will target county outreach, internships, coordination with FSU and student retention. The Plan is ambitious, measurable, and focused.
- 9) *Board Communication* – Weekly reports from the President to the Board will continue.
- 10) *Manage Budget and Facilities* – Budget requests for FY 2013 are prepared, on schedule, for the Board's approval.

For homework – the Pierpont Pins have arrived in the new Pierpont colors of black and 'Vegas' gold. Dr. Larson asked for the Board's input on more descriptive name for the black color. Suggestions have been jet black, basic black, night black, raven black, coal black, bituminous black and bright black.

Operation Reports

- Joyce Ross presented the Classified Staff Report
- Paul Schreffler presented the Center for Workforce Education Report
- Craig Shaffer presented the Foundation Report

Committee of the Whole

- Financial Report

In absence of D. Bradley, Dr. Larson provided the report on the Pierpont Community & Technical College Unrestricted and Restricted Funds and Fund Manager Budgets for current budget and year-to-date actual. There were no issues of note, and any questions will be forwarded to D. Bradley.

- Capital Projects Report

J. Decker informed the Board that the HVAC units for the Byrd Center are arriving any day and drains are being added to the roof renewal project. The Aerospace classroom fire suppression is 80% complete. The Folklife Center Phase III is 75% complete.

Committee Reports

➤ Finance Committee

a. FY 2013 Capital Appropriation's Request

On behalf of D. Bradley, Dr. Larson presented a resolution to approve the Capital Appropriation's Request for FY 2013. A capital project priorities report is due to be submitted to the state prior to September 1, 2011. A list of project priorities was provided to the Board with the resolution request.

T. Stose moved that the FY 2013 Capital Appropriation's Request be approved. L. Aman seconded the motion. All agreed.

b. FY 2013 State Appropriation's Request

On behalf of D. Bradley, Dr. Larson reviewed the resolution to approve the State Appropriation's Request for FY 2013. The deadline for submission of the request to the state is August 19, 2011. Detailed documentation was provided to the Board with the resolution request.

A motion to approve the FY 2013 State Appropriation's Request was presented by D. Copley and seconded by T. Stose. Motion carried.

➤ Off Campus Operations Committee

- Tom Stose provided a detailed memo to the Board and discussed a recent visit that he, Dr. Larson, and Jeanie Hawkins made to the Monongalia County Technical Education Center (MTEC), with Superintendent Frank Devono and MTEC Director John George, to discuss the possibility of expansion at the MTEC location.

Pierpont is experiencing very strong growth at the Monongalia County site, with 55 current classes being offered in the fall and spring semesters and the projection of new classes being developed in the future. A tour of the MTEC grounds found locations ideal for possible development of facilities to be used for those programs.

After review and discussion of both short and long term options for expansion at the MTEC campus, the Board agreed that there was a definite need to further pursue Pierpont's opportunities.

Chairman Griffin asked the Board to entertain a motion to empower Dr. Larson to move forward in discussions with the Monongalia BOE to develop an expansion plan at the MTEC campus.

D. Copley moved that Dr. Larson pursue Pierpont's expansion plans at the MTEC campus. L. Aman seconded the motion. All agreed.

So that the Board is able to get a better view of expansion options for the MTEC campus, Chairman Griffin announced that the next Board of Governor's Meeting will be held at North Elementary School, to view their steel classroom structure. Mr. Griffin also thanked T. Stose and J. Hawkins for their work with Pierpont's off campus communities.

- Marketing Committee
 - No report

New Business

- Vision Shared Statewide Workforce Development Conference, Oglebay Resort, September 29-30, 2011. Information provided to Board.
- Board of Governors Retreat, December 2, 2011. Tentative location is the Bridgeport Convention Center.
- CTCS Council Meeting dates provided to encourage Board members to attend.

Old Business

- 2011 Joint Annual Conference, Glade Springs, WV, October 26-28.

Information was provided to the Board for attendance at the 2011 CTCS and WVCCA Joint Annual Conference. C. Sensibaugh has reserved a block of rooms for the Board members. Attendance confirmation should be provided to C. Sensibaugh.

Executive Session

No Executive Session was called.

Adjournment and Next Meeting

There being no further business the Board meeting adjourned at 4:25 PM. The next Board of Governors Meeting will be held on September 20, 2011 at 2:00 PM at the North Elementary School in Morgantown, WV.

Tab

2

Workforce Development - Project Status Report

September 2011 – Board of Governors Meeting

Industry-Sector Strategies

- ❖ Met with interested members of the MAAC (Mid-Atlantic Aerospace Consortium). We are taking next steps to plan an airframe only, non-FAA pre-employment training program to meet specific workforce needs.
- ❖ Evaluating an RFP from the ShaleNet Consortium that may work to provide specific training for Marcellus shale gas employment needs.
- ❖ Along with DR. Larson, Dr. Bacza and Doug Furr, we hosted staff from the AVESTAR Center at the National Energy Technology Laboratory (NETL) to explore opportunities for collaboration.
- ❖ Met with EQT corporate staff to further define a potential land management degree program.
- ❖ Discussed partnering with other schools to offer a CDL training program.
- ❖ Initiated a partnership with Advanced Industrial Technologies, in order to expand our capacity to deliver customized training for multiple industry sectors.
- ❖ Interviewed in relation to the workforce issue on the Marcellus Shale Network radio show on September 13.
- ❖ Member of the committee to review and help develop policies for the Learn and Earn internship program.

Personal Enrichment

- ❖ Working with several local companies and nonprofits to offer high-quality lifelong learning programs (New Mystics, YWCA, and Prickett's Fort).

Community Engagement

- ❖ Working with Randolph County Chamber of Commerce and Randolph County Development Authority to plan a series of business-oriented workshops.

Upcoming Training Programs

- ❖ APICS course series to begin later this month.
- ❖ Working with several companies to provide on-site leadership and supervisory training.

Scholarship / Professional Development

- ❖ CE Director of Programming Dr. Jodi Rust presented at the US Distance Learning Conference on her learner-driven online course development model.
- ❖ CE Director of Workforce Solutions Bo Sellers presented at the National Institute for Staff and Organizational Development (NISOD) Conference on the topic: Essentials of Leadership
- ❖ Both will present on similar topics at the upcoming WVCCA conference.
- ❖ I will present on workforce topics at a five-state oil and gas industry conference on October 11.

Tab

3

**Board of Governors
Financial Report FY 2011
Pierpont Community & Technical College
as of July 31, 2011**

SUMMARY:

The projected effect on net assets at June 30, 2012 is an increase of \$126,043. However this amount includes a Board approved spend down of 66,500 in cash reserves which is a reduction of net assets, therefore the adjusted projected effect on assets at June 30, 2012 is an increase of \$59,543.

UNRESTRICTED OPERATING FUNDS:

The Budget Balance as of July 31, 2011 is \$126,043. This represents an increase of \$13,510 from the original budget approved for FY 2012. As of this report date, approximately 36.45% of projected tuition and fees revenue and approximately 30.41% of overall revenues has been realized while 1.91% of operating expenses have been incurred. The primary budget changes that impacted the budget from the originally approved FY 2012 Budget are as follows:

- **Operating Revenues Budget:**
 - Increased by \$224,521. This was due primarily to enrollments exceeding expectations as of this report date (Please note that the purge of students for non-payment will occur early in September):
 - The President controlled “Tuition & Fees Revenue” budget increased by \$158,598 due to increased enrollments.
 - The “Auxiliary Enterprise Revenue” budget increased by \$53,862 due to increased enrollments.
 - The President controlled “Operating Costs Revenue” decreased by (\$553) due to a change made to a student employment position.
 - The President controlled “Support Service Revenue” increased by \$2,550 due to adjustments to four Pierpont labor positions.
 - The President controlled “Other Operating Revenue” budget increased by \$10,064 in recognition of anticipated additional revenues from reimbursement from the State for the ATC Groundbreaking.
- **Operating Expenses Budget:**
 - Increased by \$73,090. This was due primarily to the following actions :
 - The President and Fund Manager controlled “Salaries” expense budget decreased by a combined amount of (\$72,321).The President controlled “Salaries” expense budget decreased (\$74,971) with the elimination of one phased retiree position and adjustments to one full time positions and four part-time/temporary positions. The Fund Manager controlled “Salaries” increased by \$2,650 due to salary adjustments.
 - The President and Fund Manager controlled “Benefits” budget decreased by a combined amount of (\$27,555). The President’s controlled “Benefits” decreased by (\$18,553) due to the position eliminations identified above and various PEIA updates. The Fund

Manager controlled "Benefits" budget decreased by (\$9,002) due to various PEIA updates and vacancy changes.

- The President and Fund Manager controlled "Supplies and Other Services" expense budget increased by a combined amount of \$89,388. The President's controlled "Supplies and Other Services" expense budget increased \$84,050. The source of most of these funds was the reductions to "Salaries" expense budget described above. Of the \$84,050 approximately \$20,000 of was budgeted for actual expenditures, while the remaining amount was placed in budget reserve for future needs. The Fund Manager controlled "Supplies and Other Services" expense budget increased by \$5,338.
 - The President controlled "Fees retained by the Commission" expense budget increased by \$11,941. These are fees paid to the WV Higher Education System Office and is based on the previous year's enrollments. Pierpont's enrollments increased last year, therefore our fees increased.
 - The President controlled "Assessment for Support Services" expenses budget increased by \$7,709. This increase was primarily associated with benefits updates to a variety of positions and vacancy changes
 - The President controlled "Assessment for Student Activity Costs" expenses budget increased by \$16,598. This offset \$16,598 of the above identified "Tuition & Fees Revenue" budget increase of \$158,598 due to increased enrollments.
 - The "Assessment for Auxiliary Enterprise & Debt Service" expense budget increased by \$53,862 due to increased enrollments. This offset the above identified "Auxiliary Enterprise Revenues" increase.
 - The President controlled "Assessment for Operating Costs" budget decreased by (\$5,750) due to University budget changes.
- **Non-Operating Revenues (Expenses)**
 - Expenses increased by (\$142,000). This was due primarily to the following action:
 - The President controlled "Assessment for E&G Capital & Debt Service Costs" expense budget increased by (\$142,000). This offset \$142,000 of the above identified "Tuition & Fees Revenue" budget increase of \$158,598 due to increased enrollments.

Of the adjusted projected effect on net assets of an increase of \$126,043 as of June 30, 2012; President's Controlled Fund(s) are projected to have a budget surplus of \$121,012; and Fund Manager's Controlled Fund(s) are projected to have a budget surplus of \$5,031 with Board approved spending of \$66,500 in cash reserves. The Year-To-Date Actual Budget Balance is \$5,127,036.

RESTRICTED FUNDS:

There were no changes to the Restricted Funds Budget. The July 31, 2011 Finance Report reflects a deficit budget balance of (\$426,924). This deficit is covered by grant funds cash balances totaling \$1,426,871. The primary funding sources in the restricted funds are financial aid and state and federal grants.

Pierpont Community & Technical College
 Actual vs Budget Statement of Revenues and Expenses
 Current Unrestricted
 As of July 31, 2011

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE					
	Tuition and Fees	8,673,566	8,832,164	3,219,657	36.45
	Faculty Services Revenue	1,502,589	1,502,589	0	0.00
	State/Local Grants and Contracts	0	0	0	
	Auxiliary Enterprise Revenue	1,252,667	1,308,529	558,680	42.76
	Operating Costs Revenue	203,317	202,764	0	0.00
	Support Services Revenue	377,210	379,760	0	0.00
	Other Operating Revenue	301,909	311,973	33,408	10.71
	Total:	12,311,258	12,535,779	3,811,745	30.41
OPERATING EXPENSE					
	Salaries	6,667,540	6,595,219	164,470	2.49
	Benefits	1,464,714	1,437,159	31,916	2.22
	Student financial aid-scholarships	140,844	140,844	1,724	1.22
	Utilities	0	0	188	
	Supplies and Other Services	1,774,275	1,863,663	112,912	6.06
	Equipment Expense	128,582	127,800	28,924	22.63
	Loan cancellations and write-offs	0	0	0	
	Fees retained by the Commission	104,619	116,560	29,140	25.00
	Assessment for Faculty Services	1,272,439	1,272,439	0	0.00
	Assessment for Support Services	3,907,560	3,915,269	0	0.00
	Assessment for Student Activity Costs	158,131	174,729	0	0.00
	Assessment for Auxiliary Fees & Debt Service	1,252,667	1,306,529	0	0.00
	Assessment for Operating Costs	2,437,328	2,431,578	0	0.00
	Total:	19,308,698	19,381,788	369,274	1.91
OPERATING INCOME / (LOSS)		(6,997,440)	(6,846,009)	3,442,471	(50.28)
NONOPERATING REVENUE (EXPENSE)					
	State Appropriations	8,421,177	8,421,177	1,684,235	20.00
	State Fiscal Stabilization Funds	0	0	0	
	Gifts	1,000	1,000	0	0.00
	Investment Income	97,194	97,194	0	0.00
	Assessment for E&G Capital & Debt Service Costs	(1,397,782)	(1,539,782)	0	0.00
	Reappropriated State Funding	0	0	0	
	Total:	7,121,589	6,979,589	1,684,235	24.13
TRANSFERS & OTHER					
	Capital Expenditures	0	0	0	
	Transfers for Fin Aid Match	(78,992)	(78,992)	0	0.00
	Indirect Cost Recoveries	877	4,956	330	6.65
	Transfers - Other	0	0	0	
	One-time use of reserve	66,500	66,500	0	0.00
	Total:	(11,615)	(7,536)	330	(4.38)
BUDGET BALANCE		112,534	126,043	5,127,036	
PERSONNEL BUDGET SAVINGS		0	0		
PROJECTED EFFECT ON NET ASSETS AT JUNE 30		112,534	126,043	5,127,036	
* Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year		4,768,054	4,768,054		
Less: USE OF RESERVE		66,500	66,500		
** Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year		4,814,088	4,827,597		

* Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2011 in the amount of \$2,194,850.

** Unrestricted Net Asset Balance is 26.41% of the current budgeted total operating expense. Management has established a target of 15% or \$2,725,944 as the goal for the level of unrestricted net asset balance that should be maintained.

Pierpont Community & Technical College
 Actual vs Budget Statement of Revenues and Expenses
 Current Unrestricted - President
 As of July 31, 2011

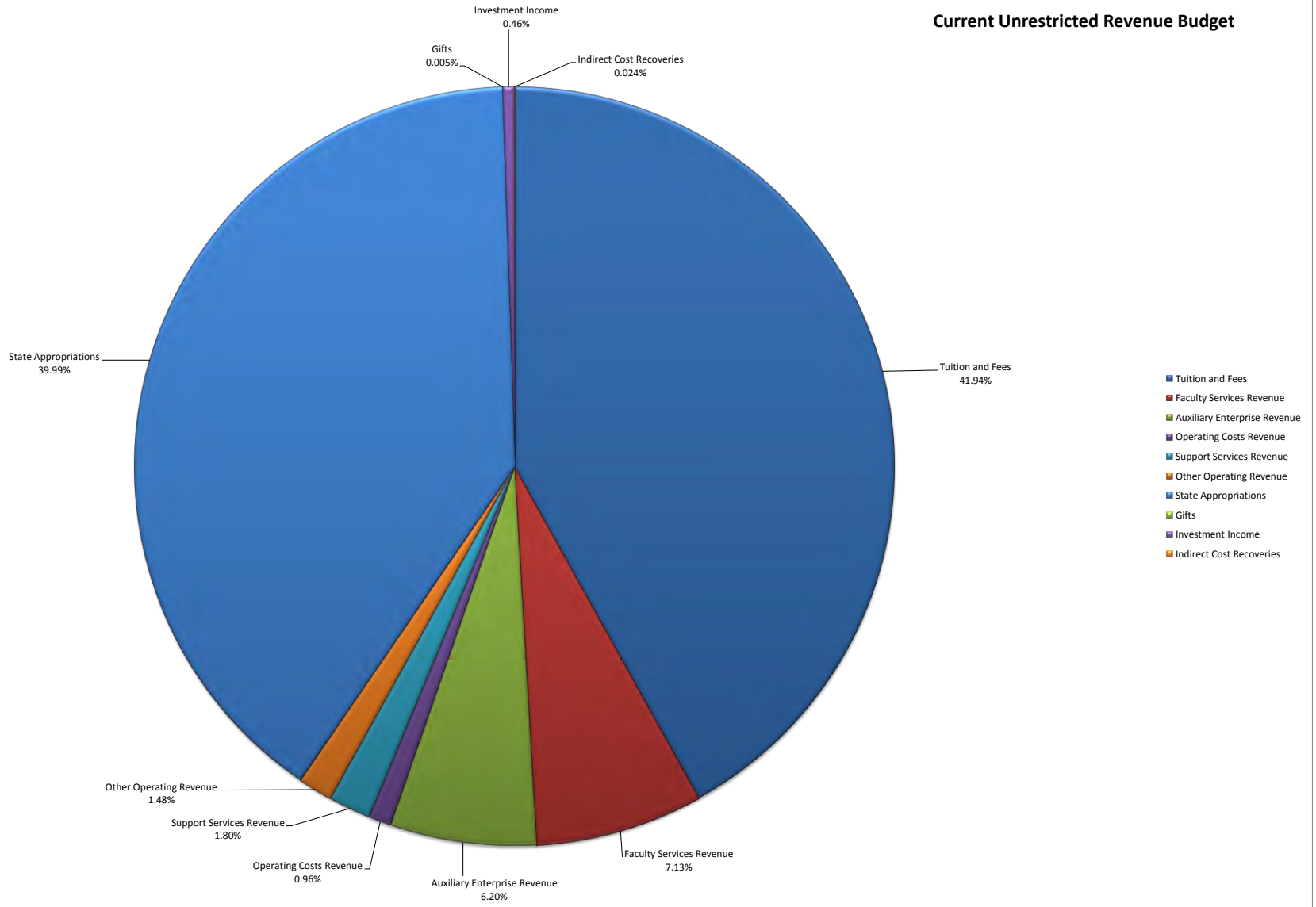
		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Tuition and Fees	7,719,834	7,878,432	3,058,299	38.82
	Faculty Services Revenue	1,502,589	1,502,589	0	0.00
	State/Local Grants and Contracts	0	0	0	
	Operating Costs Revenue	203,317	202,764	0	0.00
	Support Services Revenue	377,210	379,760	0	0.00
	Other Operating Revenue	193,583	203,647	32,992	16.20
	Total:	9,996,534	10,167,192	3,091,291	30.40
OPERATING EXPENSE	Salaries	6,346,475	6,271,504	150,555	2.40
	Benefits	1,402,515	1,383,962	29,916	2.16
	Student financial aid-scholarships	140,844	140,844	1,724	1.22
	Utilities	0	0	188	
	Supplies and Other Services	1,123,645	1,207,695	96,386	7.98
	Equipment Expense	57,042	56,197	1,973	3.51
	Loan cancellations and write-offs	0	0	0	
	Fees retained by the Commission	104,619	116,560	29,140	25.00
	Assessment for Faculty Services	1,272,439	1,272,439	0	0.00
	Assessment for Support Services	3,907,560	3,915,269	0	0.00
	Assessment for Student Activity Costs	158,131	174,729	0	0.00
	Assessment for Operating Costs	2,437,328	2,431,578	0	0.00
	Total:	16,950,597	16,970,776	309,883	1.83
OPERATING INOCME / (LOSS)		(6,954,064)	(6,803,584)	2,781,408	-40.88
NONOPERATING REVENUE (EXPENSE)	State Appropriations	8,421,177	8,421,177	1,684,235	20.00
	State Fiscal Stabalization Funds	0	0	0	
	Investment Income	97,194	97,194	0	0.00
	Assessment for E&G Capital & Debt Service Costs	(1,397,782)	(1,539,782)	0	0.00
	Reappropriated State Funding	0	0	0	
	Total:	7,120,589	6,978,589	1,684,235	24.13
TRANSFERS & OTHERS	Capital Expenditures	0	0	0	
	Transfers for Fin Aid Match	(78,992)	(78,992)	0	0.00
	Transfers - Other	0	0	0	
	One-time use of reserve	25,000	25,000	0	0.00
	Total:	(53,992)	(53,992)	0	0.00
BUDGET BALANCE		112,533	121,013	4,465,843	
* Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year		4,096,524	4,096,524		
Less: USE OF RESERVE		<u>25,000</u>	<u>25,000</u>		
Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year		<u>4,184,057</u>	<u>4,192,537</u>		

* Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2011 in the amount of \$2,194,850.

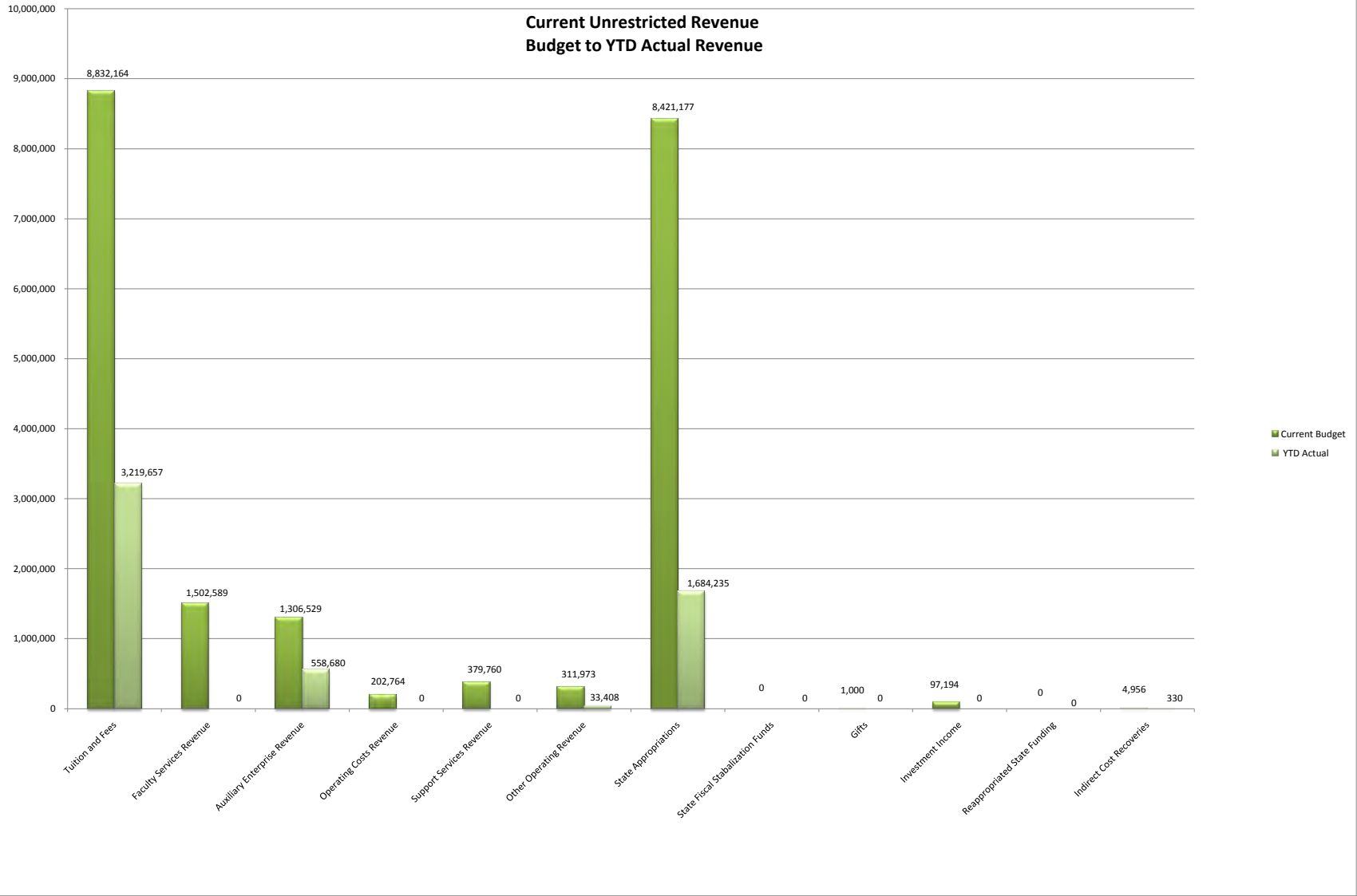
Pierpont Community & Technical College
 Actual vs Budget Statement of Revenues and Expenses
 Current Unrestricted - Fund Manager
 As of July 31, 2011

		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Tuition and Fees	953,732	953,732	161,358	16.92
	Other Operating Revenue	108,326	108,326	417	0.38
	Total:	1,062,058	1,062,058	161,774	15.23
OPERATING EXPENSE	Salaries	321,065	323,715	13,915	4.30
	Benefits	62,199	53,197	2,000	3.76
	Supplies and Other Services	650,630	655,968	16,526	2.52
	Equipment Expense	71,541	71,603	26,950	37.64
	Loan cancellations and write-offs	0	0	0	
	Total:	1,105,435	1,104,483	59,391	5.38
OPERATING INCOME / (LOSS)		(43,377)	(42,426)	102,383	-241.32
NONOPERATING REVENUE (EXPENSE)	Gifts	1,000	1,000	0	0.00
	Total:	1,000	1,000	0	0.00
TRANSFERS & OTHER	Capital Expenditures	0	0	0	
	Indirect Cost Recoveries	877	4,956	330	6.65
	Transfers - Other	0	0	0	
	One-time use of reserve	41,500	41,500	0	0.00
	Total:	42,377	46,456	330	0.71
BUDGET BALANCE		0	5,030	102,713	
Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year		657,001	657,001		
Less: USE OF RESERVE		<u>41,500</u>	<u>41,500</u>		
Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year		<u>915,501</u>	<u>620,531</u>		

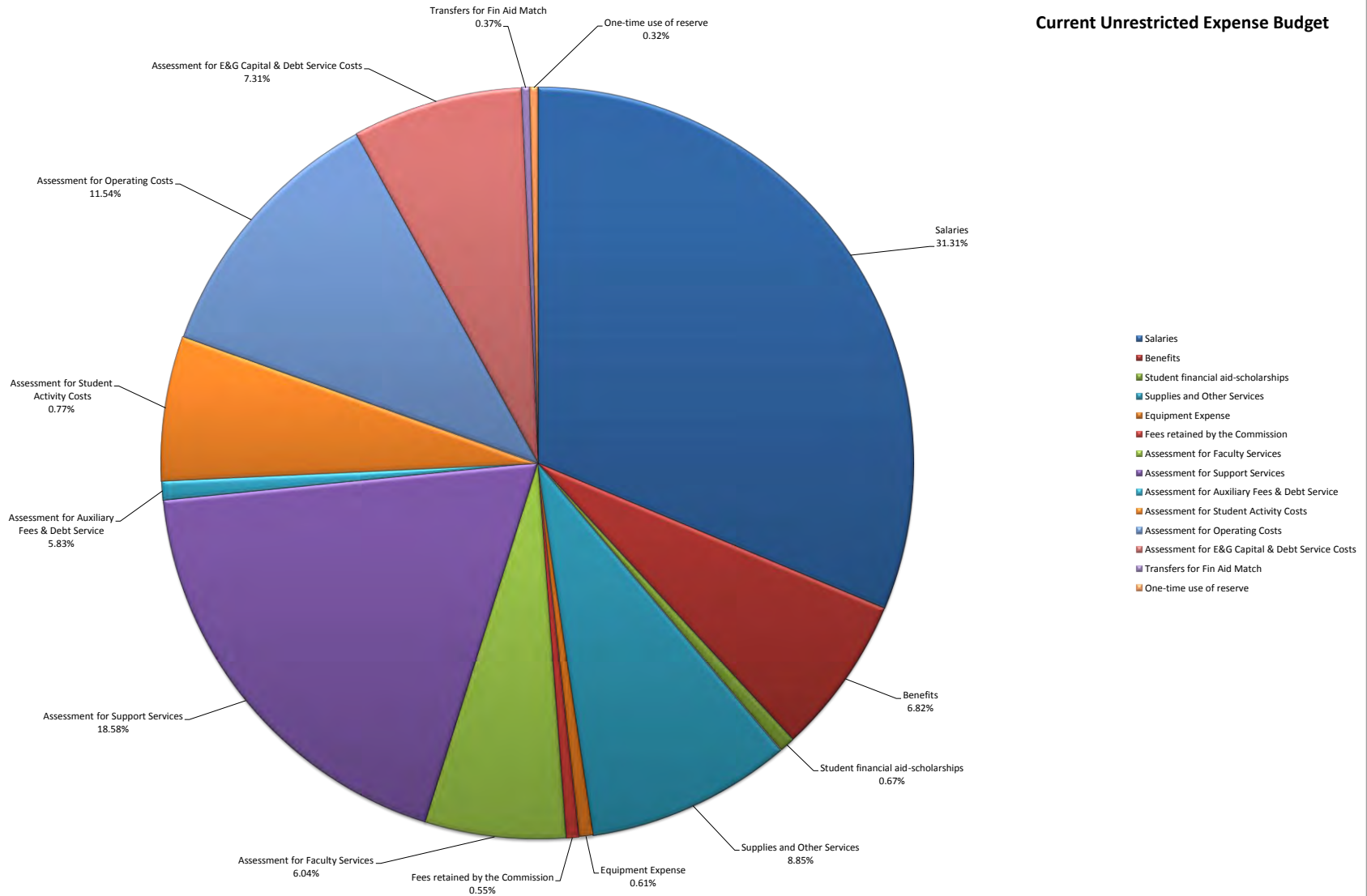
Current Unrestricted Revenue Budget



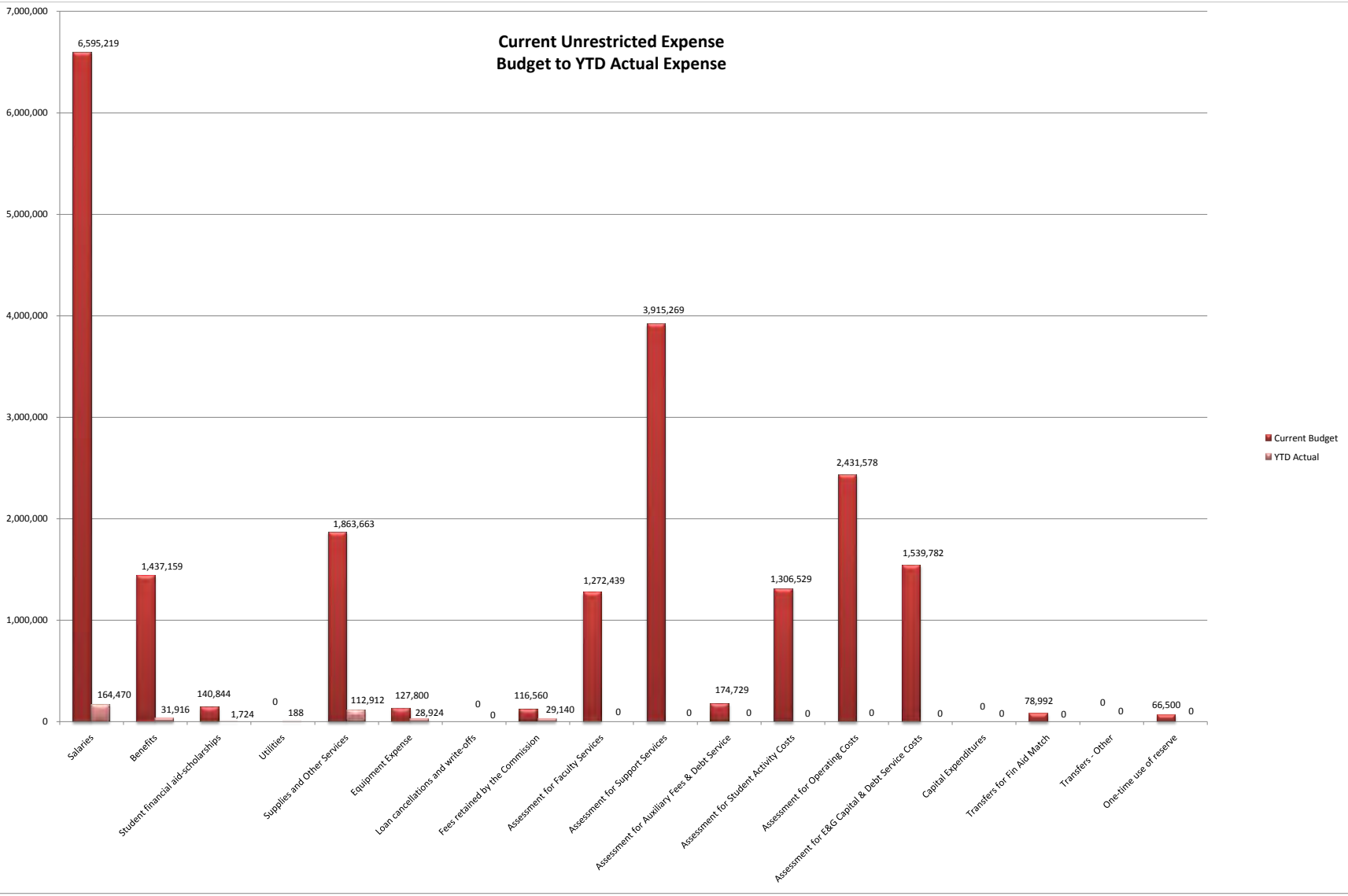
Current Unrestricted Revenue Budget to YTD Actual Revenue



Current Unrestricted Expense Budget



Current Unrestricted Expense Budget to YTD Actual Expense



Pierpont Community and Technical College
Board of Governors
Financial Report
Restricted Funds
For the period ending July 31, 2011

New Grant Funds

Perkins Voc Ed Grants 2012 (542412)	70,436.10
WV ADVANCE - SAP UACD (545612)	35,000.00

Other Grant Related Changes

Vocational Grant Perkins 2012 (542712)	19,429.20
WV Child Nutrition Center 11/12 (540311)	20,000.00

Net Change -

The budget balance of **(\$426,924)** is covered by the restricted fund cash balance of \$1,426,871 on June 30, 2011

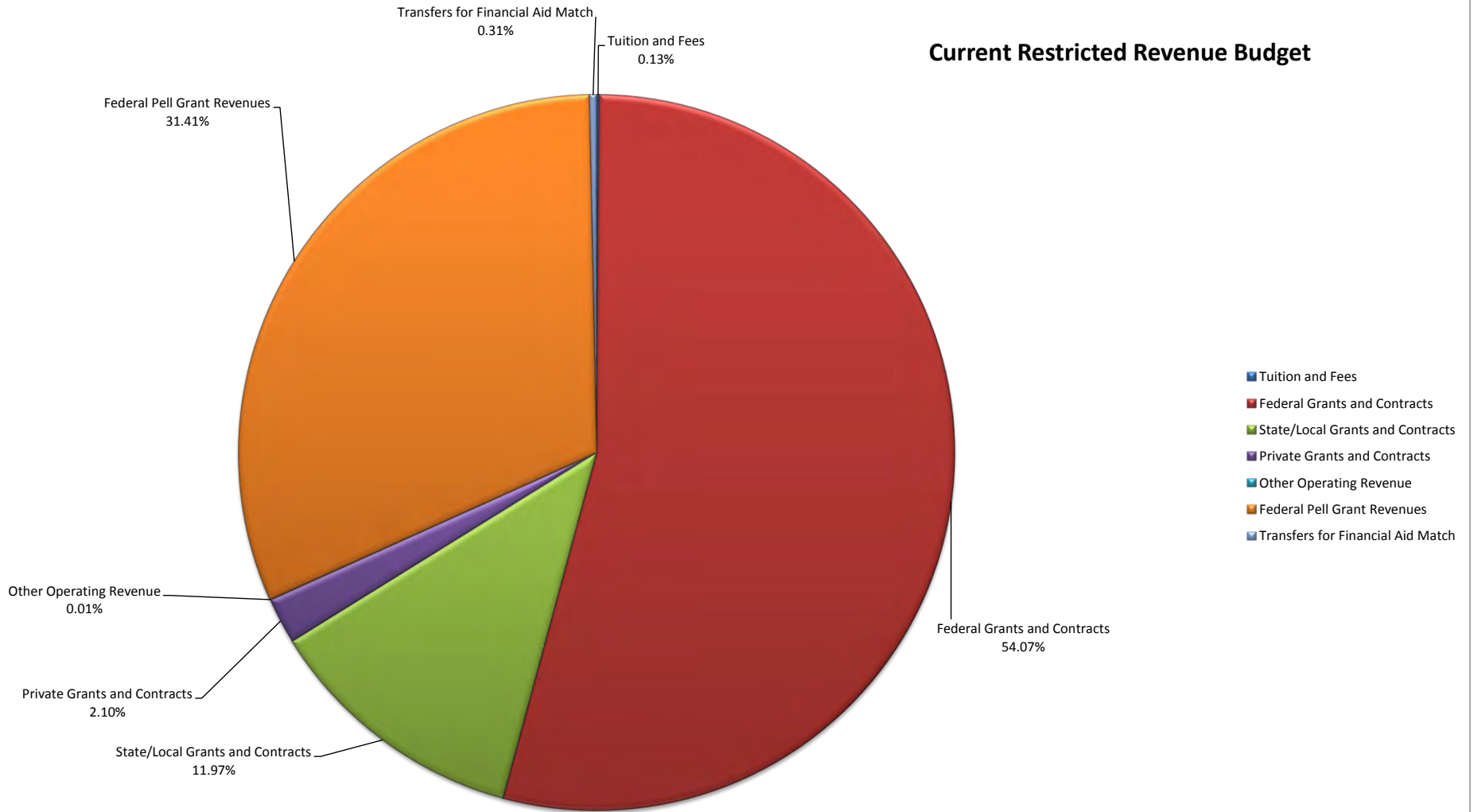
PIERPONT COMMUNITY AND TECHNICAL COLLEGE
Actual vs Budget Statement of Revenues and Expenses

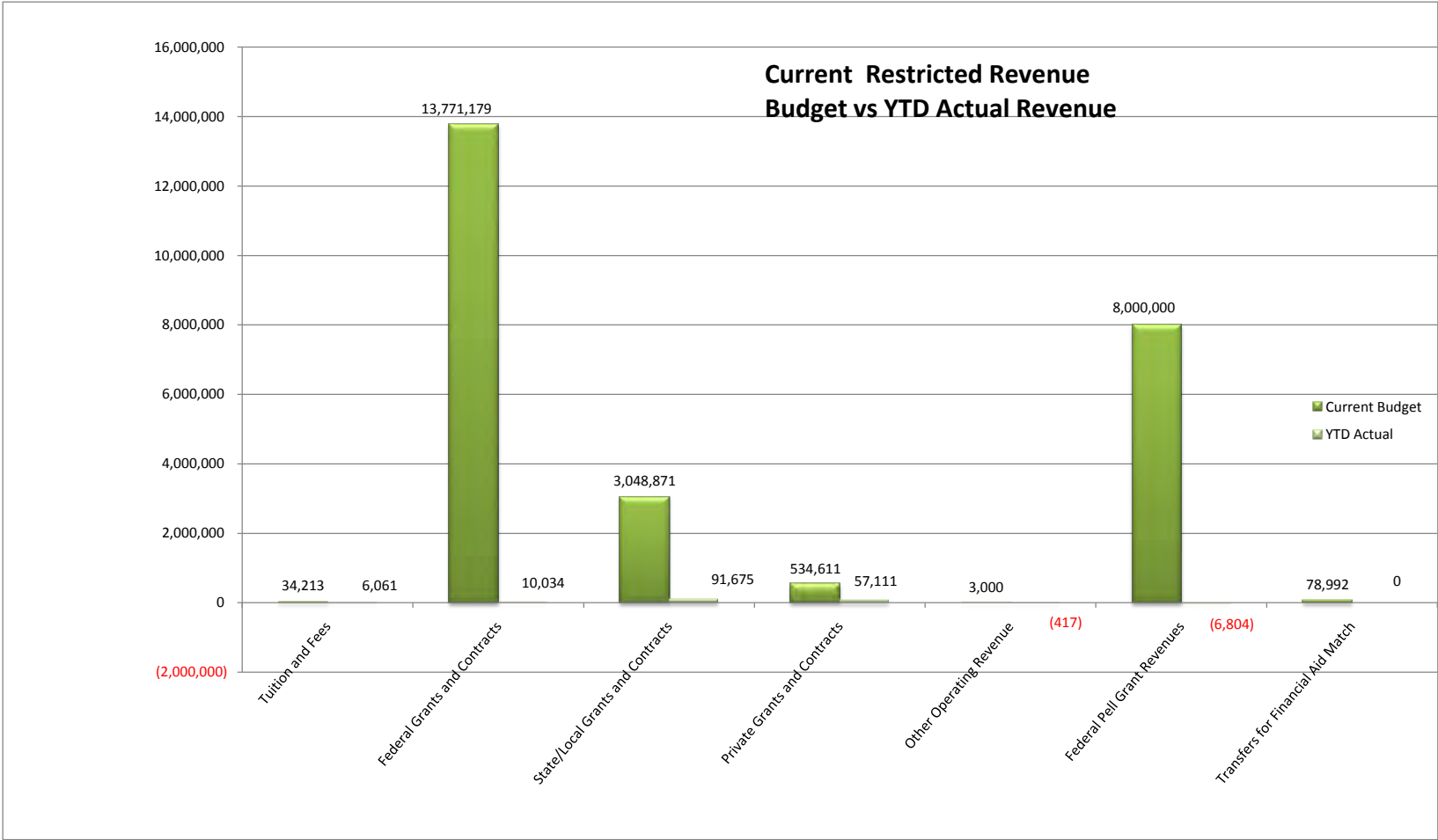
Current Restricted

As of July 31, 2011

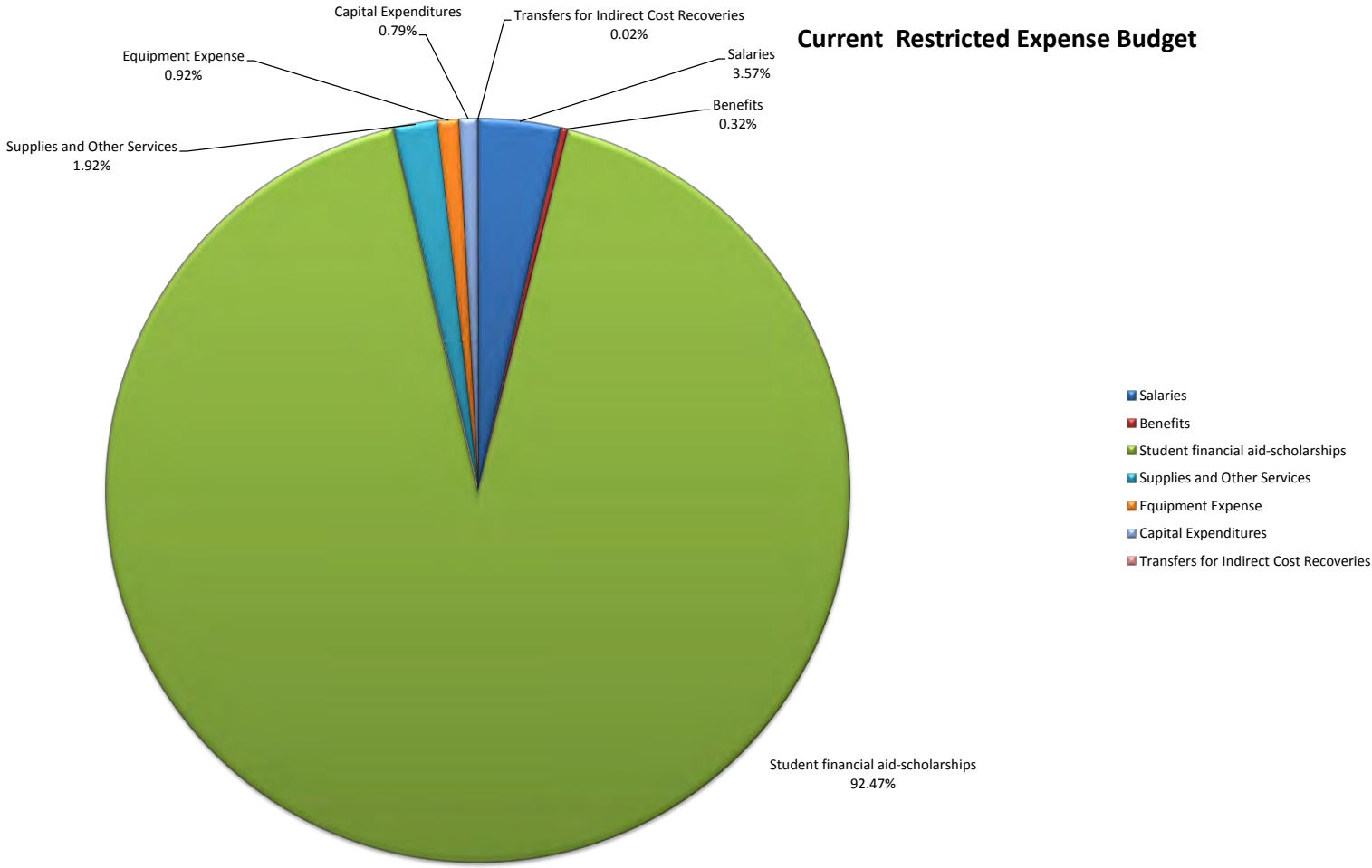
		Approved Budget	Current Budget	YTD Actual	YTD Actual to Current Budget
OPERATING REVENUE	Tuition and Fees	34,212.92	34,212.92	6,061	17.71
	Federal Grants and Contracts	13,771,179.00	13,771,179.00	10,034	0.07
	State/Local Grants and Contracts	3,048,871.33	3,048,871.33	91,675	3.01
	Private Grants and Contracts	534,610.65	534,610.65	57,111	10.68
	Other Operating Revenue	3,000.00	3,000.00	(417)	-13.89
	Total:	17,391,874	17,391,874	164,463	0.95
OPERATING EXPENSE	Salaries	923,758	923,758	20,987	2.27
	Benefits	82,224	82,224	2,349	2.86
	Student financial aid-scholarships	23,946,419	23,946,419	8,076	0.03
	Utilities	500	500	45	9.01
	Supplies and Other Services	497,690	497,690	8,578	1.72
	Loan Cancellation and Write-Off	238,878	238,878	45,140	18.90
		0	0	(59)	0.00
	Total:	25,689,469	25,689,469	85,115	0.33
OPERATING INCOME / (LOSS)		(8,297,595)	(8,297,595)	79,348	-0.96
NONOPERATING REVENUE (EXPENSE)	Federal Pell Grant Revenues	8,000,000	8,000,000	(6,804)	-0.09
	Total:	8,000,000	8,000,000	(6,804)	-0.09
TRANSFERS & OTHER	Capital Expenditures	(203,365)	(203,365)	0	0.00
	Transfers for Fin Aid Match	78,992	78,992	0	0.00
	Indirect Cost Recoveries	(4,956)	(4,956)	(330)	6.65
	Transfers - Other	0	0	0	0.00
	Total:	(129,329)	(129,329)	(330)	0.25
BUDGET BALANCE		(426,924)	(426,924)	72,214	
* Add: PROJECTED RESTRICTED NET ASSETS - Beginning of Year		1,426,871	1,426,871		
** Equals: PROJECTED RESTRICTED NET ASSETS - End of Year		<u>999,947</u>	<u>999,947</u>		

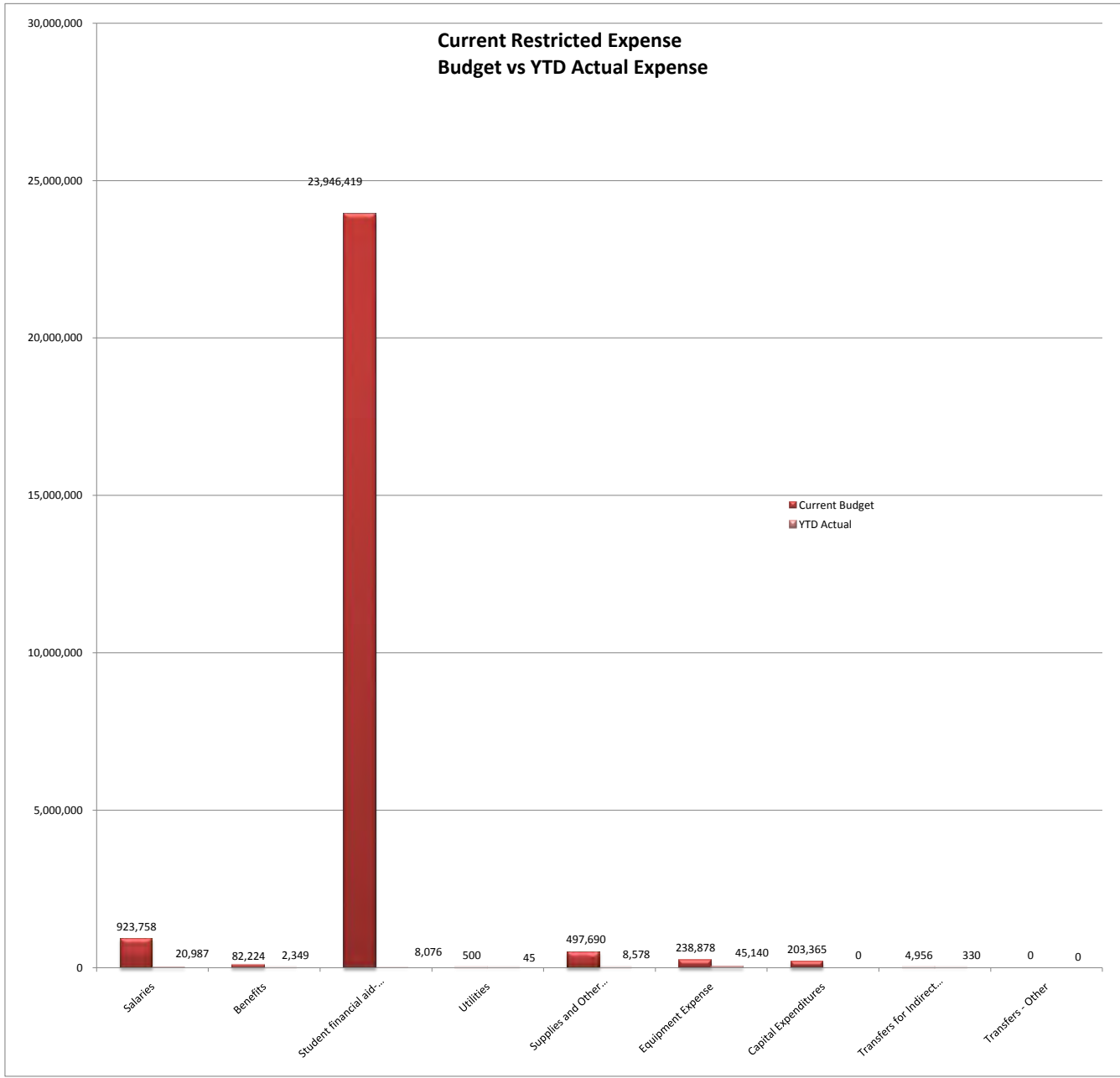
Current Restricted Revenue Budget





Current Restricted Expense Budget





Tab

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CAPITAL PROJECTS

FY 2012

Project	Project Budget	Expenses & Encumbrances	Available Project Budget	Project Completion Date and/or Update Notes
Aerospace Fire Suppression - ARRA	\$ 1,115,000.00	\$ 1,056,348.79	\$ 58,651.21	Classroom portion of project is 80% complete. Floorcovering is to be installed week of 9/5. Fire Suppression portion of project is 90% complete.
Byrd Center - HVAC Units (2)	\$ 50,000.00	\$ 67,480.00	\$ (17,480.00)	New units are in place and operating.
Byrd Center - Roof Renewal	\$ 400,000.00	\$ 285,440.00	\$ 114,560.00	Project is Substantially Complete. Certificate has been issued. Excess funds will be used to replace HVAC units.
Folklife - Phase III (ARRA)	\$ 532,700.00	\$ 418,229.02	\$ 114,470.98	Interior barnboard siding is 99% complete. Elevator has been installed. Masonry work is being completed. Wood Flooring is scheduled to start week of 9/5. Ductwork has been installed in Great Room. Exterior work is starting on South end of building.
Hardway Hall Renovations	\$ 5,500,000.00	\$ 415,000.00	\$ 5,085,000.00	Programming will proceed after Turley programming is finished.
Hunt Haught Hall - HVAC Units	\$ 735,518.00	\$ 734,393.00	\$ 1,125.00	New units are in place and Package roof top unit is providing cooling to building. Boilers are not operation yet.
Hunt Haught Hall - Temperature Controls	\$ 90,000.00	\$ 87,807.00	\$ 2,193.00	New controls are currnetly being installed. New system should be complete by end of September.
Hunt Haught Hall Glass Front	\$ 194,000.00	\$ 194,000.00	\$ -	Work on south side of stair is complete and reopened. North side of tower is approx 50% complete.
Infrastructure - Access Road Tennis Courts	\$ 125,000.00	\$ -	\$ 125,000.00	Project is being designed and will be put out to bid Sept/Oct
Infrastructure - IT Emergency Back-Up	\$ 197,299.00	\$ 195,120.50	\$ 2,178.50	Conduit and wire have been installed. The new generator is scheduled to be delivered first of November.
Musick Library Elevator	\$ 2,000,000.00	\$ 144,000.00	\$ 1,856,000.00	Project is currently being designed. Project will be bid Jan/Feb for a Spring construction start.
Turley Center Renovations	\$ 6,000,000.00	\$ 482,500.00	\$ 5,517,500.00	Project programming has been completed. Schematic design plans should be complete within one month.
Wallman Hall - Foundation Waterproof	\$ 150,000.00	\$ -	\$ 150,000.00	Project is currently being designed. Bid date has not been established.
Wallman Hall Renovations	\$ 5,200,000.00	\$ 390,000.00	\$ 4,810,000.00	Project is currently being designed.

In Progress

CAPITAL PROJECTS

FY 2012

<i>Project</i>	<i>Project Budget</i>	<i>Expenses & Encumbrances</i>	<i>Available Project Budget</i>	<i>Project Completion Date and/or Update Notes</i>	
Byrd Center - HVAC Units (FY 2012)	\$ 50,000.00		\$ 50,000.00		Not Started
Hunt Haught Hall - Window Replacement	\$ 60,000.00	\$ -	\$ 60,000.00		
Infrastructure - Gates @ Physical Plant	\$ 20,000.00	\$ -	\$ 20,000.00		
Infrastructure - Paving Lot #15	\$ 83,560.00	\$ -	\$ 83,560.00		
Infrastructure - Retaining Wall Merchant Street	\$ 350,000.00	\$ 9,000.00	\$ 341,000.00		
Infrastructure - Sealing Parking Lots	\$ 25,000.00	\$ -	\$ 25,000.00		
Jaynes Hall - Roof Renewal	\$ 350,000.00	\$ -	\$ 350,000.00		
Locust Avenue	\$ 40,000.00	\$ -	\$ 40,000.00		
Turley Center Renovations - FF&E	\$ 874,055.00	\$ -	\$ 874,055.00		
Academic Fund	\$ 100,000.00	\$ -	\$ 100,000.00	On-going - Numerous projects through-out year	On Going
Landscaping	\$ 100,000.00	\$ 7,526.62	\$ 92,473.38	On-going - Numerous projects through-out year	
Physical Plant - Small Projects	\$ 197,000.00	\$ 22,182.96	\$ 174,817.04	On-going - Numerous projects through-out year	

AUXILIARY CAPITAL PROJECTS

FY 2012

<i>Project</i>	<i>Project Budget</i>	<i>Expenses & Encumbrances</i>	<i>Available Project Budget</i>	<i>Project Completion Date and/or Update Notes</i>	
Press Box Roof Renewal	\$ 6,670.00	\$ 6,670.00	\$ -	Project is complete.	Completed
Press Box Upgrades	\$ 26,850.64	\$ 27,190.33	\$ (339.69)	Project is complete.	
Falcon Center - Dining Carpet Replacement	\$ 78,000.00	\$ 47,617.24	\$ 30,382.76	Project is currently underway. Contractor anticipates completion by 9/16.	In Progress
Falcon Center - Window Cleaning	\$ 20,000.00	\$ 17,096.02	\$ 2,903.98	Project is currently 95% complete.	
Residence Hall - Bryant Hall Gutter Repair	\$ 23,000.00	\$ -	\$ 23,000.00	Contractor is on site currently working on repairs.	
Residence Hall - Bryant Place 1st Floor Showers	\$ 10,000.00	\$ -	\$ 10,000.00	Project has been awarded. Contractor has measured showers and is waiting on materials.	
Residence Hall - Morrow Hall Boiler Replacement	\$ 125,000.00	\$ 168,655.00	\$ (43,655.00)	Project is currently underway. Demolition of old equipment is currently taking place.	
Residence Halls - Facility Audit Master Plan	\$ 163,835.00	\$ 139,035.00	\$ 24,800.00	Project is nearing completion.	
Duvall Rosier Field - Turf Field Groom Machine	\$ 16,650.00	\$ -	\$ 16,650.00		
Falcon Center - Fabric Duct Replacement	\$ 35,000.00	\$ -	\$ 35,000.00		Not Started
Falcon Center - Furniture (Lounge)	\$ 35,000.00	\$ 24,788.00	\$ 10,212.00		
Parking Garage - Maintenance - Caulking & Painting	\$ 100,000.00	\$ -	\$ 100,000.00		
Parking Lot - NAEC Paving	\$ 125,000.00	\$ -	\$ 125,000.00		

Tab

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**Pierpont Community and Technical College
Board of Governors
September 20, 2011**

Item: Audit for Applying Agreed Upon Procedures over Cash/Depositing Practices

Committee: Committee of the Whole

Information Item:

Staff Member: Dale Bradley

Background: It has been three years since the last audit of FSU/Pierpont cash/depositing practices of the departments to the central deposit receipting operation.

This audit provided for three (3) findings and recommendations. These findings and recommendations have been responded to by administration and this information was presented to the Finance Committee at their September 6, 2011 meeting.

Please find attached the audit report provided by Conley CPA Group, PLLC and administration's response.

**REPORT ON APPLYING AGREED-UPON
PROCEDURES OVER CASH**

**FAIRMONT STATE UNIVERSITY
AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

JUNE 30, 2011



CONLEY CPA GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS + BUSINESS AND TAX ADVISORS
2857 WHITE HALL BLVD. + P.O. BOX 1150 + FAIRMONT, WV 26555-1150

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FAX: 304-366-2338
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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

**Dr. Maria Rose, Interim President
Fairmont State University
Fairmont, West Virginia**

**Dr. Doreen Larson, President
Pierpont Community and Technical College
Fairmont, West Virginia**

We have performed the procedures enumerated below, which were agreed to by Fairmont State University, solely to assist you in evaluating your cash policies and procedures for Fairmont State University and Pierpont Community and Technical College. Management of Fairmont State University and Pierpont Community and Technical College are responsible for establishing and maintaining internal controls over cash, including monitoring ongoing activities. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Fairmont State University and Pierpont Community and Technical College. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Departments

- **The policies and procedures were reviewed for cash deposits with the Accounting Office and noted the following:**

Various departments are provided with 3-part deposit tickets to report cash receipts. The departments collect cash and checks, as applicable, and complete the deposit ticket. The department places the second part of the deposit ticket along with the cash and checks into a locked bank bag. The department then places the first part of the deposit ticket on the outside of the locked bank bag and delivers the bag to Enrollment Services. The department maintains the third part of the deposit ticket for their records.

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

At the end of each day, the Enrollment Services will remove the deposit tickets from the outside of each locked bank bag it has received and prepare a total schedule of deposits for the day by compiling the individual department deposit tickets. Enrollment Services then completes a bank log which lists each locked bank bag and the total of the deposit within each bag. Enrollment Services places the bank log and all locked bank bags into a large locked bank bag and stores the bag in the safe overnight.

Each morning an armored carrier (Loomis Fargo) comes to Enrollment Services and picks up the large locked bank bag and transports it to the bank. The armored carrier later returns with the large locked bank bag, as well as the smaller locked bank bags. Enrollment Services then returns the locked bank bags to the various departments. Inside the individual locked bank bag will be the second part of the deposit ticket stamped by the bank to verify deposit. Enrollment Services adds the deposit ticket from the bank to the daily folder for the Accounting Office.

The Accounting Office posts an appropriate journal entry to record the deposit to the general ledger from account information completed on the original deposit ticket.

For each day, the Accounting Office maintains in a folder the first part of the 3-part deposit ticket, the deposit receipt, the compilation of the total department deposits, the posting to the bank account for State of West Virginia, and the posting to the general ledger (including the journal entry reference number).

There are two keys to each locked bag; one key each is maintained by the individual department and by Enrollment Services and the bank has a master key.

The safe is located in Enrollment Services and is secured by a combination. The combination is known by only those employees who have the responsibility of recording daily cash deposits.

REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Departments (Continued)

- We were provided with a schedule of cash deposits for Fairmont State University and Pierpont Community and Technical College for November 2010 and February 2011 sorted by department. Utilizing the applicable schedule of cash deposits, the following procedures were performed:
 1. Cash deposits for each department were traced to the supporting documentation. The supporting documentation included the white copy of the deposit ticket prepared by the departments and maintained by the Accounting Office. We noted the information on the white copy of the deposit ticket agreed to the schedule of cash deposits without exception. The sample included 269 individual deposits for 33 separate departments. No exceptions were noted.
 2. Supporting documentation maintained by the Accounting Office for each day in November 2010 and February 2011 was reviewed. For each day, the white copies of the deposit tickets were totaled and agreed to the bank deposit total calculated by Enrollment Services ("Daily Locked Bag Log."). The sample included 39 days. No exceptions were noted.
 3. For each day in November 2010 and February 2011, the deposit on the "Daily Locked Bag Log" was traced to the deposit receipt from the bank. The sample included 39 days. No exceptions were noted.
 4. For each day in November 2010 and February 2011, the deposit on the "Daily Locked Bag Log" was traced to the bank statement information provided by the State of West Virginia. The information provided by the State of West Virginia indicated all amounts were properly reflected as deposits for the benefit of Fairmont State University and/or Pierpont Community and Technical College and amounts were properly reported by fund allocation. The sample included 39 days. No exceptions were noted.
 5. A sample of deposits was traced back to supporting documentation maintained at each department. The sample selected included twenty individual deposits, from a total of six different departments. It was noted during testing several items were not deposited within twenty-four hours from the date it was received. (A detail listing of these items are included in the attached exhibit.) In addition, we also noted for a number a deposits selected, the only support maintained by the department was a copy of the deposit receipt, with no further information to support the amount.

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

Departments (Continued)

6. Samples of entries on the schedule of cash deposits were traced to proper recording in the general ledger without exception. The sample included 30 individual deposit items from the following departments:

Accounting
Athletics
Copy Center
Falcon Center
Library
School of Nursing

- The policies and procedures for cash deposits were discussed with the following departments and individuals:

Admissions – Director of Recruiting Operations
Athletics – Accounting Assistant
Copy Center – Program Assistant
Center for Workforce Education – Program Assistant II
Economic Development – Program Assistant II
Falcon Center – Director of Student Center
Information Technology – Executive Secretary
Lab Preschool – Director of Preschool
Library – Technical Assistant
Mailroom – Materials Handler, Lead
Pierpont Community & Technical College Community Education –
Executive Secretary
Procurement – Director of Procurement
Public Safety – Director of Public Safety and Program Assistant
Registrar – Director of Recruiting Operations
School of Nursing – Administrative Secretary
Enrollment Services – Accounting Clerk III
Student Health – Director of Student Health Services
Student Service Center – Program Assistant
Web and Graphics – Program Assistant

REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Departments (Continued)

Results of the department interviews were as follows:

1. The policies and procedures indicated by the various departments were the same as indicated by the Accounting Office. The various departments review financial reports throughout the year to monitor their department's financial position and ensure the Accounting Office records the cash deposit to the proper general ledger account.
2. The Enrollment Services Center handles the cash deposits for the following departments:

Admissions
Financial Aid
Housing
Registrar

- The policies and procedures for athletic ticket sales for football and basketball games were reviewed with the Athletic Director and are documented as follows:

The Ticket Manager (Athletic Director), and one other individual (Director of Media), work all home football and basketball games. The Fairmont State Foundation through Fairmont State Athletic Association will write a check to the Athletic Director for \$1,500 for start-up of the home football and basketball season. The check will be transported to the bank by the Athletic Director and will be cashed. The money is divided equally (\$750) into two separate lockable money bags and placed in the safe in the athletic department. The Athletic Director will provide the money to the Director of Media on the day of the game to be given to the two ticket sellers. The Director of Media will also give the ticket sellers a work sheet with starting ticket numbers for students, adults and senior citizens. All three groups pay a different price to attend the game.

The two ticket sellers then sell tickets for the home event. At the end of the third quarter the Athletic Director will collect the locked money bags and work sheets with the unsold tickets and put them in the safe in the athletic department. On the next working day the Athletic Director will give the money to the athletic department secretary to count. The athletic department secretary will prepare the 3 – part deposit slip and place the money to be deposited along with the deposit slip into a locked money bag. The deposit money bag is then taken down to Enrollment Services in the administration building to be sent to the bank for deposit.

REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Departments (Continued)

The start up money (\$1,500) is put back into the lockable money bag and maintained back in the safe in the athletic department.

The athletic department receives the locked bank bag back from Enrollment Services after it has been returned from the bank. The locked bank bag contains the second part of the deposit ticket, a copy of the game report, and the deposit receipt from the bank.

Fairmont State University has only one gate open for admittance to the football games, but two windows open for ticket sales. For admittance, an individual must have a ticket (sold by the ticket sellers), a "complimentary player ticket", student's identification card, faculty/staff identification card, or other passes. The other passes available are season pass, lifetime pass, media pass, etc. which must be issued by the Athletic Department. A "complimentary player ticket" is available for each football player and cheerleaders to invite four individuals to the game. The Athletic Department provides a list with each player/cheerleader and the names for the four individuals before the start of the game. These individuals must check in at the table outside the entrance gate to receive their "complimentary player ticket."

- The policies and procedures for athletic concession sales for football and basketball games were reviewed with the Athletic Director and are documented as follows:

The athletic department contracts out all concession stand activities to Aladdin Food Services. As a result, the athletic department is not involved with the buying, stocking, hiring or selling of anything in the concession stand. At the end of football and basketball seasons the manager of Aladdin Food Services summarizes and reviews the financial results with the Athletic Director and presents a check to Fairmont State University. The Athletic Director then provides the check to the athletic department secretary who prepares the 3-part deposit ticket and places the second part of the deposit ticket in a money bag to be deposited at the Enrollment Services in the administration office. The athletic department receives the locked bank bag back from Enrollment Services after it has been returned from the bank. The locked bank bag contains the second part of the deposit ticket and the deposit receipt from the bank.

REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Bookstore

- **The bookstore is operated by Barnes & Noble College Booksellers, Inc. As such, policies and procedures are established by the company. In addition, all workers are employed by Barnes & Noble College Booksellers, Inc. The University receives a commission based on the sales of the bookstore. Starting in June 2011, the Bookstore will no longer be operated by Barnes & Noble.**
- **The policies and procedures for cash deposits were reviewed with the Bookstore Manager and are documented as follows:**

The cashiers count and balance their cash drawer each day at the end of their shift. The assistant manager prints a sales report for each cashier. The sales report is generated from information captured at the register. Normally, there are 3 cash drawers; however during the first week of the semester and the last week of the semester, additional drawers may be added to handle the amount of customers purchasing and/or selling textbooks. After the cashier balances their drawer, they give the drawer to the manager or her designated employee. This individual then prepares the deposit ticket and places the cash into a locked bank bag. The cashier drawer and the locked bank bag are placed in the safe. The safe is in the manager's office and has a combination lock. The carbon deposit ticket and the sales report are stored together. The cashier leaves the manager's office after the safe has been locked.

The locked bank bags are picked up twice a week by an armored carrier, Loomis Fargo. The manager prepares a manifest of the locked bank bags she is giving to Loomis Fargo. The carrier delivers the deposit receipt and the bags back to the bookstore after depositing the cash at the bank.

Sales information is captured at the register and this information is uploaded daily to the home office. The home office reconciles the bank account.

- **The Bookstore Manager provided a schedule of sales and deposits for November 2010 and February 2011. This schedule was used for the following procedures:**
 1. **The Store Accounting Totals Reports for each day are maintained by the Store Manager, and are stored in banker's boxes at the end of each month. The Totals Report is generated at the end of each day by each register that is operated during that day. The report tracks gross sales, net cash, returns, over/short amounts, as well as a description of how sales were tendered. The report is reviewed each day by the store manager. The report contains the total amount of cash received by each register as well as cash withdrawals from the register for the buyback of**

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

Bookstore (Continued)

books and other items. The sum of these two amounts represents the cash deposit for that day. The store manager also uses this report to monitor the cash over/short for each day.

2. The deposit amount listed on the Totals Report was recalculated and traced to the validated deposit receipt received from the bank for the account of Barnes & Noble College Booksellers, Inc., for each day in November 2010 and February 2011. The sample included 42 days. No exceptions were noted.
3. The schedule and supporting documentation for November 2010 and February 2011 were reviewed for cash overages and shortages. No material overages or shortages were noted per review of Store Accounting Totals Report.

Food Service Operations

- Food Service includes the operation of the dining hall, as well as the "Nickel" located in the Falcon Center and the Starbucks coffee station located in the Library. The Food Service is operated by Aladdin Food Management Services, LLC. As such, the company employs all workers and establishes all policies and procedures. Fairmont State University receives a commission based on the sales from food service operations.
- The policies and procedures for cash deposits for Food Service Operations were reviewed with the Food Service Manager and are documented as follows:

The cashiers count and balance their cash drawer each day at the end of their shift. The cashiers prepare a sales envelope with the cash and provide the envelope to the office manager. The office manager recounts the cash drawer and prepares the deposit ticket. The supervisor prints a sales report from the computer system which is generated from information entered at the cash registers. The sales report is then given to the service manager. The service manager prepares a log and compares the deposit the office manager prepared with the sales report the supervisor printed and reconciles any variances.

The office manager gathers all deposits from each cashier for the day and places them in a locked bank bag. The locked bank bag is picked up daily by an armored carrier, Loomis Fargo, and transported to the bank. The sales information is recorded in the computer system for Aladdin Food Management Services, LLC and transmitted to their home office. The bank statement is reconciled by the home office.

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

Food Service Operations (Continued)

The cashiers working in Food Service Operations will maintain their cash drawers in locked bank bags. In addition, there is a locked bank bag used to provide change as needed. The cashiers for the Dining Hall maintain their locked bank bag in a safe in the Dining Hall office. The cashiers for the "Nickel/Starbucks" maintain their locked bank bag in a safe in the "Nickel/Starbucks" office. All cashiers have the combination to their respective safe as they place their locked bank bag into the safe at the end of their shift. The only contents maintained in the safe are locked bank bags; thus preventing one cashier from accessing another cashier's drawer.

Sales at the Dining Hall and "Nickel/Starbucks" are made by one of the following methods:

- Payment by cash at register
- Payment by credit card or debit card at register
- Payment by "Falcon Dollars" at register
- Payment by meal plan at register
- Payment by "Flex Dollars" at register

All students are issued a student identification card by Fairmont State University or Pierpont Community and Technical College. Students who purchase the meal plan have the information regarding their specific meal plan scanned onto their student identification card by Enrollment Services. The register reads this information when the student presents the card for payment.

Students who wish to purchase "Falcon Dollars" (primarily commuter students) must purchase these from Enrollment Services. Enrollment Services will then scan the amount of "Falcon Dollars" available onto their student identification card. The register reads this information when the student presents the card for payment. The registers in Food Service are "read-only" for the student identification card.

- The Food Service Manager provided a schedule of sales and deposits for the Dining Hall for November 2010 and January 2011. This schedule was utilized to perform the following procedures:

REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE

Food Service Operations (Continued)

- 1. Individual items such as "Stored Value", "Cash Sales", "Credit Card", "Total Sales", "Deposit", "Sales Tax", and "Invoice Payment" were traced to the daily sales report generated from information entered at the cash registers, for each day in November 2010 and January 2011. The sample included 61 days. No exceptions were noted.**
 - 2. The deposit amount on the spreadsheet was traced to the validated deposit ticket for the bank account of Aladdin Food Management Services, LLC for each day in November 2010 and January 2011. The sample included 61 days. No exceptions were noted.**
 - 3. The schedule and supporting documentation for November 2010 and January 2011 was reviewed for cash overages and shortages. There were no material overages or shortages noted during the testing of November 2010 and January 2011.**
- The Food Service Manager provided a schedule of combined sales and deposits for the "Nickel" and Starbucks for November 2010 and January 2011. This schedule was utilized to perform the following procedures:**
 - 1. The individual items such as "Stored Value", "Cash Sales", "Credit Card", "Total Sales", "Deposit", "Sales Tax", and "Invoice Payment", were traced to the daily sales report generated from information entered at the cash registers, for each day in November 2010 and January 2011. The sample included 61 days. No exceptions were noted.**
 - 2. The deposit amount on the spreadsheet was traced to the validated deposit tickets for the bank account of Aladdin Food Management Services, LLC for each day in November 2010 and January 2011. The sample included 61 days. No exceptions were noted.**
 - 3. For the "Nickel" and Starbucks, we reviewed the schedule and supporting documentation for November 2010 and January 2011 cash overages and shortages. There were no material overages or shortages noted during the testing of November 2010 and January 2011.**

Imprest Funds

- On May 11, 2011, we performed a surprise count of the imprest funds maintained by Public Safety for parking fines. We counted \$200 which agreed to the amount provided by the Accounting Office.**

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

Imprest Funds (Continued)

- On May 26, 2011, we performed a surprise count of the imprest funds maintained by the Library for fines. We counted \$250 which agreed to the amount provided by the Accounting Office.
- On May 26, 2011, we performed a surprise count of the imprest funds maintained by Enrollment Services for change. We counted \$1,500 which agreed to the amount provided by the Accounting Office.
- On May 27, 2011, we performed a surprise count of the imprest funds maintained by Fine Arts for theatre tickets. We counted \$200 which agreed to the amount provided by the Accounting Office.
- On May 27, 2011, we performed a surprise count of the imprest funds maintained by the Caperton Center for processing tuition and fee payments. We counted \$500 which agreed to the amount provided by the Accounting Office.
- On May 11, 2011, we performed a surprise count of the imprest funds maintained by the Copy Center for change for printing jobs. Our count was \$385.88, comprised of \$50.00 for the imprest fund and \$335.88 for their cash drawer. The \$50 agreed to the amount provided by the Accounting Office. The remaining cash will be deposited at the end of each day.
- On May 25, 2011, we performed a surprise count of the imprest funds maintained by the Falcon Center. We counted \$200 which agreed to the amount provided by the Accounting Office.
- We reviewed the policies and procedures for imprest funds and the frequency of reconciling those funds with the custodians of the funds listed above. The custodians are counting and reconciling their imprest funds in a timely and accurate manner.
- The imprest funds are established by the State Treasurer's Office, which conducts surprise counts on a periodic basis.

**REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH (CONTINUED)
FAIRMONT STATE UNIVERSITY AND
PIERPONT COMMUNITY AND TECHNICAL COLLEGE**

Recommendations

- **Athletic Department Ticket Sales – To strengthen internal controls the Athletic Director and the Director of Media should count and balance the drawers and prepare the game report together before leaving the campus. Both the ticket manager and the individual should sign and date the game report.**
- **During testing we noted when some departments receive checks there was no indication as to when the check was actually received. Certain checks reviewed indicated the check was written over a week before it was deposited by Fairmont State University or Pierpont Community and Technical College. Although the check may not have been actually received by the department until the day it was deposited, there is no indication on the check to verify the date received. We recommend when a check is received by a department, the date received should be noted on the copy of the check to ensure it has been deposited within twenty-four hours of receipt.**
- **During testing we noted some departments are not keeping adequate support for deposits that were made, as only a copy of the deposit ticket was maintained. Although some departments may make minimal cash deposits, a uniform policy should be followed for each department to ensure proper support is maintained for each individual deposit. This support should include when the cash/check was received and the date it was deposited.**

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the cash policies and procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Fairmont State University and Pierpont Community and Technical College, and is not intended to be and should not be used by anyone other than the specified party.

Conby CPA Group, PLLC

**Fairmont, West Virginia
June 30, 2011**

EXHIBIT 1

Detail Listing of Items Not Deposited Within 24 Hours

**CASH RECEIPTS TESTED NOT DEPOSITED WITHIN 24 HOURS
 REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH
 FAIRMONT STATE UNIVERSITY AND
 PIERPONT COMMUNITY AND TECHNICAL COLLEGE
 JUNE 30, 2011**

<u>Deposit Slip Date</u>	<u>Folder Date</u>	<u>Department</u>	<u>Amount</u>
Thursday, October 28, 2010	Monday, November 01, 2010	Falcon Center	135.00
Monday, November 01, 2010	Wednesday, November 03, 2010	Falcon Center	500.00
Monday, November 01, 2010	Wednesday, November 03, 2010	Falcon Center	85.00
Monday, November 01, 2010	Wednesday, November 03, 2010	Falcon Center	786.00
Monday, November 01, 2010	Wednesday, November 03, 2010	Falcon Center	130.00
Monday, November 01, 2010	Thursday, November 04, 2010	Fine Arts	723.80
Thursday, November 04, 2010	Monday, November 08, 2010	Falcon Center	430.00
Monday, November 08, 2010	Thursday, November 11, 2010	Falcon Center	155.00
Monday, November 08, 2010	Thursday, November 11, 2010	Falcon Center	195.00
Tuesday, November 09, 2010	Thursday, November 11, 2010	Falcon Center	56.60
Tuesday, November 09, 2010	Thursday, November 11, 2010	Falcon Center	3.40
Tuesday, November 09, 2010	Thursday, November 11, 2010	Falcon Center	130.00
Tuesday, November 09, 2010	Thursday, November 11, 2010	School of Nursing	601.88
Wednesday, November 10, 2010	Friday, November 12, 2010	Falcon Center	115.00
Tuesday, November 09, 2010	Monday, November 15, 2010	Foundation	683.36
Tuesday, November 09, 2010	Monday, November 15, 2010	Foundation	163.96
Tuesday, November 09, 2010	Monday, November 15, 2010	Foundation	956.40
Tuesday, November 09, 2010	Monday, November 15, 2010	Foundation	70.00
Tuesday, November 09, 2010	Monday, November 15, 2010	Foundation	304.01
Wednesday, November 10, 2010	Monday, November 15, 2010	School of Education	69.98
Wednesday, November 10, 2010	Tuesday, November 16, 2010	CWE	20.00
Thursday, November 11, 2010	Tuesday, November 16, 2010	CWE	20.00
Monday, November 15, 2010	Wednesday, November 17, 2010	Falcon Center	150.00
Wednesday, November 17, 2010	Monday, November 22, 2010	Falcon Center	245.00
Wednesday, November 17, 2010	Monday, November 22, 2010	Falcon Center	600.00
Thursday, November 18, 2010	Monday, November 22, 2010	Falcon Center	40.00
Thursday, November 18, 2010	Monday, November 22, 2010	Falcon Center	325.00
Friday, November 19, 2010	Wednesday, November 24, 2010	Fine Arts	280.50
Friday, November 19, 2010	Wednesday, November 24, 2010	Fine Arts	1,169.81
Friday, November 19, 2010	Wednesday, November 24, 2010	Fine Arts	70.19
Monday, November 22, 2010	Wednesday, November 24, 2010	Fine Arts	907.55
Monday, November 22, 2010	Wednesday, November 24, 2010	Fine Arts	54.45
Monday, November 22, 2010	Wednesday, November 24, 2010	Fine Arts	630.00
Friday, November 19, 2010	Wednesday, November 24, 2010	Foundation	4,239.50
Tuesday, November 23, 2010	Monday, November 29, 2010	Falcon Center	510.00
Wednesday, January 26, 2011	Tuesday, February 01, 2011	Pierpont Comm. Ed.	182.50
Wednesday, January 26, 2011	Thursday, February 03, 2011	Pierpont Comm. Ed.	213.00
Monday, January 31, 2011	Thursday, February 03, 2011	Falcon Center	37.74
Monday, January 31, 2011	Thursday, February 03, 2011	Falcon Center	2.26
Monday, January 31, 2011	Thursday, February 03, 2011	Falcon Center	2,460.00
Monday, January 31, 2011	Thursday, February 03, 2011	Falcon Center	315.00
Tuesday, February 01, 2011	Thursday, February 03, 2011	Falcon Center	370.00
Monday, January 31, 2011	Thursday, February 03, 2011	Gear-up	75.00
Friday, January 28, 2011	Friday, February 04, 2011	Fine Arts	1,436.66
Friday, January 28, 2011	Friday, February 04, 2011	Fine Arts	86.20
Friday, January 28, 2011	Friday, February 04, 2011	Fine Arts	1,716.50

**CASH RECEIPTS TESTED NOT DEPOSITED WITHIN 24 HOURS
 REPORT ON APPLYING AGREED-UPON PROCEDURES OVER CASH
 FAIRMONT STATE UNIVERSITY AND
 PIERPONT COMMUNITY AND TECHNICAL COLLEGE
 JUNE 30, 2011**

<u>Deposit Slip Date</u>	<u>Folder Date</u>	<u>Department</u>	<u>Amount</u>
Friday, February 04, 2011	Tuesday, February 08, 2011	Pierpont Comm. Ed.	6,460.00
Monday, February 07, 2011	Thursday, February 10, 2011	Falcon Center	85.00
Monday, February 07, 2011	Thursday, February 10, 2011	Falcon Center	55.00
Monday, February 07, 2011	Thursday, February 10, 2011	Falcon Center	18.87
Monday, February 07, 2011	Thursday, February 10, 2011	Falcon Center	1.13
Tuesday, February 08, 2011	Thursday, February 10, 2011	Falcon Center	380.00
Thursday, February 03, 2011	Friday, February 11, 2011	Athletics	279.59
Thursday, February 03, 2011	Friday, February 11, 2011	Athletics	500.00
Tuesday, February 08, 2011	Friday, February 11, 2011	Athletics	879.24
Tuesday, February 08, 2011	Friday, February 11, 2011	Athletics	52.76
Wednesday, February 09, 2011	Monday, February 14, 2011	Fine Arts	339.63
Wednesday, February 09, 2011	Monday, February 14, 2011	Fine Arts	20.37
Wednesday, February 09, 2011	Monday, February 14, 2011	Fine Arts	1,185.00
Friday, February 11, 2011	Tuesday, February 15, 2011	Accounting	12,529.35
Monday, February 14, 2011	Wednesday, February 16, 2011	Falcon Center	305.00
Monday, February 14, 2011	Wednesday, February 16, 2011	Falcon Center	1,025.00
Wednesday, February 09, 2011	Wednesday, February 16, 2011	Pierpont Comm. Ed.	399.00
Friday, February 11, 2011	Thursday, February 17, 2011	Kestral	138.00
Tuesday, February 15, 2011	Thursday, February 17, 2011	Language & Literature	550.00
Wednesday, February 16, 2011	Friday, February 18, 2011	Falcon Center	165.00
Wednesday, February 16, 2011	Friday, February 18, 2011	Falcon Center	18.87
Monday, February 21, 2011	Wednesday, February 23, 2011	Falcon Center	165.00
Monday, February 21, 2011	Wednesday, February 23, 2011	Falcon Center	18.87
Friday, February 18, 2011	Wednesday, February 23, 2011	Language & Literature	1,318.40
Wednesday, February 23, 2011	Friday, February 25, 2011	Falcon Center	210.00

EXHIBIT II

Management's Response



Office of VP for Administrative & Fiscal Affairs

1201 Locust Avenue
Fairmont, West Virginia 26554
Phone: (304)367-4111
Fax: (304)367-4706
Email: eporto@fairmontstate.edu

July 19, 2011

Ms. Jennifer K. Wade, C.P.A.
Conley CPA Group, PLLC
2857 Whitehall Blvd.
P.O. Box 1150
Fairmont, WV 26555-1150

We have reviewed the three recommendations included in your Report on Applying Agreed-Upon Procedures Over Cash and understand and agree with your recommendations. We anticipated some recommendations as a result of this review. We updated our Procedures for Collecting and Depositing Cash and presented the revised procedures and a standardized Daily Cash Count Form at a campus meeting in early May 2011. Although the updated procedures were not in effect for the months reviewed, this report is still very useful and has identified areas that need added internal controls, additional communication and/or training. Please find below our responses to each your recommendations.

Recommendation

- Athletic Department Ticket Sales – To strengthen internal controls, the ticket manager (Athletic Director) and the other individual (Director of Media) should count and balance the drawers and prepare the game report together before leaving the campus. Both the ticket manager and the individual should sign and date the game report.

Response

- The Athletic Department will revise their procedures for collecting cash from ticket sales to strengthen internal controls. Due to the number of responsibilities of the Athletic Director and Director of Media during athletic events, it would be difficult for them to have the time to verify the cash from ticket sales when the ticket booth is closed. Therefore, the Athletic Director has agreed to put alternate controls in place to secure cash from ticket sales and the start-up or imprest funds. The Athletic Department Secretary will be asked to prepare the locked deposit bags for each ticket seller which will include the start-up money (\$750 each), the game report and the Athletic Cash Count Form. The Secretary and the ticket seller will be the only

Individuals with a key to the locked deposit bag. The Athletic Director will place the locked bags in the safe. On game day, the Athletic Director will remove the bags from the safe and give them to the Director of Media to deliver to the ticket sellers. Each ticket seller will unlock their bag with the key they received prior to the game. The ticket sellers will be responsible to count the start up cash and document the amount on the Athletic Cash Count Form with their signature. Once the ticket booth is closed, each ticket seller will be responsible for completing the game report, counting cash and completing the Athletic Cash Count Form. These forms include total ticket sales and total cash for deposit. The ticket sellers will place their start-up or imprest funds cash, cash from ticket sales, the completed Game Report and Athletic Cash Count Form in the locked deposit bag. The Athletic Director will pick up the locked bags and place them in the safe. The Athletic Department Secretary will open the bags and complete the deposit on the next business day. This process will be implemented for the Fall 2011 Football Season and necessary adjustments will be made at that time. If for some reason these procedures can't be followed, the Athletic Director will verify cash on game day.

Recommendation

- During testing it was noted that when some departments would receive checks there was no indications as to when the check was received. Certain checks reviewed indicated that the check has been written over a week before it was deposited by the University. Although the check may not have been received by the department until the day it was deposited, there is no indication on the check to verify date received. We recommend that when a check is received by a department the date received should be noted on the copy of the check to ensure that it had been deposited within twenty-four hours of receipt.

Response

- The Procedures for Collecting and Handling Cash will be updated to require Schools and Departments to document on the check stub or a copy of the check the date the check was received and the initials of the individual who received the check. For instance, if the Dean/Chair of the School receives the check, they would initial and date the check stub or copy and then provide it to the School's secretary for deposit.

We also intend to update our Procedures for Collecting and Handling Cash to include a minimum deposit requirement. This minimum deposit requirement will assist staff in departments that have minimal cash collecting activity. **The updated deposit requirement will require that departments make a deposit when collections meet or exceed \$25.00 and at a minimum once a week.** We believe that this is a reasonable adjustment to our Procedures for Collecting and Handling Cash.

Recommendation

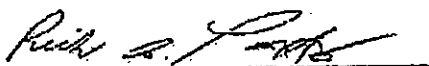
- It was noted during testing that some departments were not keeping adequate support for deposits that were made, and only a copy of the deposit ticket was kept. Although some departments may make minimal cash deposits, a uniform policy should be formally documented for each department to ensure that the proper support is maintained for each individual deposit. This support should include when the cash/check was received and the date that it was deposited.

Response

- The University and Community and Technical College do have Procedures for Collecting and Depositing Cash. Those procedures were recently updated and presented at a campus meeting on May 4, 2011. A notice will be sent to the campus community reminding all departments to retain supporting documentation for deposits. Also, examples of supporting documentation will be added to the procedures and provided in the reminder. Accounting will also provide additional training during the Fall 2011 Semester to review the Procedures for Collecting and Depositing Cash again.

We would like to thank you for your work in performing these procedures and your consideration of our need to meet State requirements.

Respectfully Submitted,



Rick Porto
Fairmont State University
Vice President Administrative
and Fiscal Affairs

Tab

6

**Pierpont Community and Technical College
Board of Governors
September 20, 2011**

Item: Moody's Bond Rating for Bonds (Series 2002A, 2002B, 2003A, and 2003B)

Committee: Committee of the Whole

Information Item:

Staff Member: Dale Bradley

Background: Annually Moody's provides a review of our financial condition (after the 2010 fiscal year audit) and updates the rating of our bonds sold in 2002 and 2003. Those bonds are:

Activity Center Revenue Bonds – 2003B
Facilities Revenue Bonds – 2002A
Facilities Revenue Bonds – 2003A
Infrastructure Revenue Bonds – 2002B

The ratings of A1 for the 2003B and 2002B bonds was continued.

The ratings of A2 for the 2002A and 2003A bonds was continued.

The rating rationale provided by Moody's reads, "The ratings are based on the University's stable market position, continued debt service support from Pierpont Community and Technical College, healthy State support, solid annual cash flow, and good coverage of debt service from pledged revenues. The rating also incorporates the University's small size and comparably high leverage position".

The attached report (underlined sections) clearly reflects the importance of commitment toward the bonds from both institutions, further supported in the Legislation that enacted the separation of Pierpont from Fairmont State.

Please note: During the review process, Administration spent time explaining the conditions surrounding the Separation of Assets Agreement and the current relationship of the institutions. Also the consolidated statements work provided by the Accounting Office (as required in the Separation of Assets Agreement) provided Moody's the financial picture that allowed Moody's to affirm the A1 and A2 ratings.

MOODY'S

INVESTORS SERVICE

Rating Update: MOODY'S AFFIRMS FAIRMONT STATE UNIVERSITY'S (WV) A1 RATING ON THE STUDENT ACTIVITY REVENUE BONDS AND INFRASTRUCTURE REVENUE BONDS AND A2 RATING ON THE UNIVERSITY FACILITIES REVENUE BONDS; RATING OUTLOOK IS STABLE

Global Credit Research - 11 Jul 2011

UNIVERSITY HAS \$55.7 MILLION OF RATED DEBT OUTSTANDING

Higher Education
WV

Opinion

NEW YORK, Jul 11, 2011 – Moody's Investors Service has affirmed the A1 rating on Fairmont State University's Student Activity Revenue Bonds and Infrastructure Revenue Bonds and A2 rating on Fairmont State University's College Facilities Revenue Bonds listed below under RATED DEBT. The rating outlook remains stable.

RATING RATIONALE

The ratings are based on the University's stable market position, continued debt service support from Pierpont Community and Technical College, healthy state support, solid annual cash flow, and good coverage of debt service from pledged revenues. The rating also incorporates the University's small size and comparably high leverage position.

STRENGTHS

*Healthy trend of cash flow reflected in an average operating margin of 15.3% and healthy average debt service coverage of 2.0 times. Management is projecting similar results for the 2011 fiscal year.

*Relatively healthy support from the State of West Virginia with expectations for modest growth in support for the 2012 fiscal year.

*Healthy enrollment growth at both the University and community college in recent years. Full time equivalent (FTE) enrollment in the fall of 2010 was 6,245.

CHALLENGES

*Relatively thin coverage of outstanding debt and operations. Moody's calculates expendable financial resources of \$22.4 million provide a somewhat thin cushion to debt and operations of 0.3 and 0.3 times, respectively.

*Fairmont's debt structure requires close monitoring by management to ensure that several very narrow pledged revenue streams remain sufficient to cover debt service, particularly when enrollment fluctuation could weaken coverage.

DETAILED CREDIT DISCUSSION

LEGAL SECURITY: The University Facilities Revenue Bonds (Series 2002 A and Series 2003 A) are secured by the gross revenue of the College's housing and parking systems. In fiscal year (FY) 2010, the system's gross revenue was just over \$5.4 million. Maximum annual debt service is \$2.1 million. After deducting expenses, net revenue covered maximum annual debt service 1.17 times.

The Infrastructure Revenue Bonds (Series 2002 B) are secured by the gross revenue from a mandatory Infrastructure fee charged to students. In FY 2010, gross revenues totaled \$1 million. After deducting expenses, net revenue of \$720,843 covered maximum annual debt service (\$595,750) of 1.21 times.

The Student Activity Revenue Bonds (Series 2003 B) are secured by the gross revenue from the following fees charged each semester to students enrolled in classes on the main campus - Student Union Fee, the Operating Fee, and Student Activities Center Operating Fee. In FY 2010, the gross pledged revenue streams were nearly \$3.9 million. Bondholders derive additional security from the inclusion of operating revenues of the bookstore and dining located in the Student Activities Center. After deducting expenses, net revenue covers maximum annual debt service of \$1.55 million by more than 1.3 times in FY 2010.

The outstanding Bonds will continue to be supported by pledged revenues derived from Fairmont University and Pierpont Community and Technical College fees, as agreed upon in the Separation Agreement and outlined in the bond documents.

Each series has a cash funded debt service reserve fund. Fairmont State University has agreed not to issue additional bonds with a more senior claim to any of the Pledged Revenue streams, and no additional bonds can be issued unless the gross pledged revenue stream covers pro-forma debt service at least 1.1 times.

INTEREST RATE DERIVATIVES: None. all outstanding debt is fixed rate

RECENT DEVELOPMENTS

Institutional Structure: As part of state legislated Separation Agreement which became effective July 1, 2009, Fairmont State University and Pierpont Community and Technical College (which were previously administratively linked and operated under one board) have legally separated to create two independent institutions, each with its own separate governing board. The two institutions continue to share a main campus and services. Fairmont continues to provide services to Pierpont as outlined in a chargeback agreement.

Beginning in FY 2010, the two institutions have produced separate and independent audits. The outstanding Bonds will continue to be supported by pledged revenues derived from University and Community College fees, as agreed upon in the separation agreement and outlined in the bond documents. Debt Service liability as recorded on the audited financials is determined based on a 10-year full-time student equivalent average. Moody's has examined both the Fairmont and Pierpont audited financial statements as well as the unaudited consolidated statement as provided by the University. Because the rated bond issues are supported by student fees at both institutions, the key financial metrics and ratios in this report are based on the consolidated statement unless otherwise stated.

The Fairmont Foundation is no longer a consolidated entity with Fairmont University because it supports both the 4-year university and the 2-year college. Foundation assets are included in the Key Ratios.

Enrollment: Fairmont enrolled 3,941 FTE students in the fall of 2010 with an additional 2,122 FTE students at Pierpont. Together, undergraduate enrollment has increased almost 4% since the fall of 2006. Fairmont enrolled 182 graduate students in the fall of 2010, up from 158 in 2006, but down from a peak of 230 in the fall of 2008. Fairmont & Pierpont continue to face strong competition from other public institutions in the state most notably West Virginia University, located approximately 30 miles away. Management notes that their size, lower sticker price, smaller classes, high quality infrastructure and facilities coupled with the unique integration of the 2-year and 4-year institutions continue to make them a attractive alternative to the large flagship university.

Operations: The two institutions remain self-supporting. On a consolidated basis, they maintain mildly positive operations with a three year average operating margin (FY2008-FY2010) of 2.4% with healthy cash flow supporting debt service coverage at 1.76 times. Management reports expectations for at least break-even operations in FY2011. The University and Community College are in a unique position to receive increasing state aid in FYs 2011 and 2012. In FY2011, The University received a total of \$1.25 million increase due to the third of a four year cumulative adjustment in appropriations from the state. In FY2012, the state will fill the funding gap left by the end of ARRA funding, provide a 1% increase in appropriations as well as provide the last \$1.25 million appropriation adjustment/increase. Increased net tuition revenue, largely derived from growth of Pell Grants is also expected to contribute to a healthy operating performance for FY2011.

Balance Sheet: Leverage remains high with expendable financial resources of \$22.4 million providing 0.3 times coverage of debt and 0.3 times coverage of operations. Debt to revenues is also somewhat high at 1.2 times. Moody's notes that \$13 million of outstanding debt issued by the Higher Education Commission is legally secured by fees from the University, but is expected to be fully repaid from state lottery funds. OPEB obligations (at a consolidated \$4.7 million in FY2010) continue to pressure the financial resources of the university. At this time, it is unclear if the University will assume ongoing funding responsibility of OPEB from the state.

Liquidity remains healthy compared to peers with over \$30 million of available liquidity at the College and University combined, equating to 160 days cash on hand.

Outlook

The stable outlook reflects Moody's expectation that the University and community college will continue to budget conservatively, resulting in adequate debt service coverage from net revenues of pledged fees as well as maintain positive operating margins and an healthy financial resource base to cover debt and operations.

What could change the rating-UP

Growing market demand demonstrated in net tuition growth; superior operating margins coupled with significant growth of the financial resource base.

What could change the rating-DOWN

Inadequate coverage of debt service by pledged net revenues; weakening operating margins and/or balance sheet strength; significant decline in market demand

KEY INDICATORS (FY 2010 consolidated financial data and fall 2010 consolidated enrollment data)

Total Full-Time Equivalent Students (FTE): 6,245 students

Freshman Acceptance Rate: 71%

Freshman Matriculation Rate: 41.3%

Total Direct Debt: \$80.6 million

Expendable Resources to Direct Debt: 0.28 times

Expendable Resources to Operations: 0.32 times

Monthly Days Cash on Hand: 160 days

Three-year Average Operating Margin: 2.4%

Reliance on Student Charges: 39%

Reliance on State Appropriations: 32%

State of West Virginia G.O. rating: Aa1 with a stable outlook

RATED DEBT

Series 2002 A and Series 2003 A, University Facilities Revenue Bonds: A2

Series 2002 B, Infrastructure Revenue Bonds: A1

Series 2003 B, Student Activity Revenue Bonds: A1

CONTACTS:

Fairmont State University: Rick Porto, Vice President for Administrative and Fiscal Affairs, 304-367-4689

PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was Public College and Universities, published in November 2006. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, and confidential and proprietary Moody's Investors Service's information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

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MOODY'S
INVESTORS SERVICE

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