

***GLENVILLE STATE COLLEGE***

*Combined Financial Statements for the  
Years Ended June 30, 2001 and 2000, and  
Independent Auditors' Reports*



## **INDEPENDENT AUDITORS' REPORT**

To the Glenville State College Governing Board:

We have audited the accompanying combined financial statements of Glenville State College (the "College")

# GLENVILLE STATE COLLEGE

## COMBINED BALANCE SHEET JUNE 30, 2001

|   | Current Funds |            | Loan Funds | Plant Funds  |
|---|---------------|------------|------------|--------------|
|   | Unrestricted  | Restricted |            |              |
| ASSETS:   |               |            |            |              |
| Cash and cash equivalents   | \$ 1,493,273  | \$ 340,520 | \$ 231,670 | \$ 2,015,980 |
| Student accounts receivable - net of allowance for doubtful accounts of \$225,945 | 125,390       |            |            |              |
| Loans receivable - net of allowance for doubtful accounts of \$567,387            |               |            | 639,492    |              |
| Other accounts receivable - net of allowance for doubtful accounts of \$2,583     | 28,890        |            |            | 5,190        |
| Appropriations due from primary government  | 441,470       |            |            |              |
| Due from other funds  |               |            |            |              |

# GLENVILLE STATE COLLEGE

## COMBINED BALANCE SHEET JUNE 30, 2000

|   | Current Funds       |                   | Loan Funds        | Plant Funds          |
|---|---------------------|-------------------|-------------------|----------------------|
|   | Unrestricted        | Restricted        |                   |                      |
| ASSETS:   |                     |                   |                   |                      |
| Cash and cash equivalents   | \$ 2,542,773        | \$ 252,803        | \$ 125,990        | \$ 866,636           |
| Student accounts receivable - net of allowance for doubtful accounts of \$204,180 | 59,754              |                   |                   |                      |
| Loans receivable - net of allowance for doubtful accounts of \$566,373            |                     |                   | 733,613           |                      |
| Other accounts receivable - net of allowance for doubtful accounts of \$1,783     | 10,472              |                   |                   |                      |
| Due from other State agencies   | 62,588              | 27,198            |                   | 105,993              |
| Due from other funds  | 26,211              |                   |                   |                      |
| Inventories   | 314,548             |                   |                   |                      |
| Prepaid expenses  | 487                 |                   |                   |                      |
| Investment in plant   |                     |                   |                   | 28,400,146           |
|   | <u>\$ 3,016,833</u> | <u>\$ 280,001</u> | <u>\$ 859,603</u> | <u>\$ 29,372,775</u> |
| LIABILITIES AND FUND BALANCES:  |                     |                   |                   |                      |
| Accounts payable  | \$ 454,893          | \$ 11,164         |                   | \$ 61,203            |
| Accrued liabilities   | 501,261             | 11,045            |                   |                      |
| Deposits  | 15,315              |                   |                   |                      |
| Due to other funds  |                     | 26,211            |                   |                      |
| Due to the State of West Virginia   | 125,427             | 106,607           |                   |                      |
| Due to federal government   |                     | 24,573            |                   |                      |
| Compensated absences  | 1,245,991           |                   |                   |                      |
| Capital lease obligations   |                     |                   |                   | 517,669              |
| Notes payable   |                     |                   |                   | 5,997                |
| Fund balances:  |                     |                   |                   |                      |
| College funds   | 673,946             | 100,401           |                   | 905,429              |
| Loan funds  |                     |                   | \$ 859,603        |                      |
| Net investment in plant   |                     |                   |                   |                      |

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2001

|                                    | Current Funds     |                   | Loan              | Plant                |
|------------------------------------|-------------------|-------------------|-------------------|----------------------|
|                                    | Unrestricted      | Restricted        | Funds             | Funds                |
| FUND BALANCES, BEGINNING OF YEAR   | <u>\$ 673,946</u> | <u>\$ 100,401</u> | <u>\$ 859,603</u> | <u>\$ 28,787,906</u> |
| REVENUES AND OTHER ADDITIONS:      |                   |                   |                   |                      |
| Unrestricted current fund revenues | 13,379,962        |                   |                   |                      |
| Auxiliary enterprise revenues      | 1,912,245         |                   |                   |                      |
| Contracts and grants - restricted: |                   |                   |                   |                      |
| Federal                            |                   | 6,777,013         |                   |                      |

# **GLENVILLE STATE COLLEGE**

## **COMBINED STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2000**

|                                  | <b>Current Funds</b> |                   | <b>Loan</b>  | <b>Plant</b> |
|----------------------------------|----------------------|-------------------|--------------|--------------|
|                                  | <b>Unrestricted</b>  | <b>Restricted</b> | <b>Funds</b> | <b>Funds</b> |
| FUND BALANCES, BEGINNING OF YEAR | \$1,542,121          |                   |              |              |

# **GLENVILLE STATE COLLEGE**

## **COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, TRANSFERS AND OTHER CHANGES YEAR ENDED JUNE 30, 2001**

|           | <b>Unrestricted</b> | <b>Restricted</b> | <b>Total</b> |
|-----------|---------------------|-------------------|--------------|
| REVENUES: |                     |                   |              |
| Tuit      |                     |                   |              |

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, TRANSFERS AND OTHER CHANGES YEAR ENDED JUNE 30, 2000

|  | Unrestricted      | Restricted        | Total             |
|--|-------------------|-------------------|-------------------|
| REVENUES:                                    |                   |                   |                   |
| Tuition and fees                             | \$ 4,581,889      |                   | \$ 4,581,889      |
| Government appropriations - state            | 7,335,594         |                   | 7,335,594         |
| Government contracts and grants:             |                   |                   |                   |
| Federal                                      |                   | \$ 6,250,970      | 6,250,970         |
| State  |                   | 1,035,073         | 1,035,073         |
| Private gifts, grants and contracts          |                   | 194,545           | 194,545           |
| Investment income                            | 150,203           |                   | 150,203           |
| Auxiliary enterprise revenues                | 2,680,330         |                   | 2,680,330         |
| Sales and services of educational activities | 668,079           |                   | 668,079           |
| Other sources                                | <u>5,204</u>      | <u>          </u> | <u>5,204</u>      |
| TOTAL REVENUES                               | <u>15,421,299</u> | <u>7,480,588</u>  | <u>22,901,887</u> |
| EXPENDITURES, TRANSFER                       |                   |                   |                   |

# **GLENVILLE STATE COLLEGE**

## **NOTES TO COMBINED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2001 AND 2000**

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### **1. ORGANIZATION**

Glenville State College (the "College") was governed by the Board of Directors of the State College System of West Virginia (the "Board"). The Board was an agency of the State of West Virginia (the "State") and was responsible for the general determination, control, supervision and management of the financial, business and educational policies and affairs of the State's higher education institutions within the State College System of West Virginia, of which the College is one.

Effective July 1, 2000, the West Virginia Legislature made changes to the governance and structure of West Virginia higher education. On March 19, 2000, the West Virginia Legislature enacted Senate Bill No. 653 ("S.B. 653"), which restructured public higher education in West Virginia. S.B. 653 abolished the Board effective June 30, 2000, and replaced it with a transition year board, the West Virginia Higher Education Interim Governing Board (the "Interim Governing Board"). The Interim Governing Board is granted all powers, duties, and ap6Shrimies,of the vali.4ngre 185.3853 566.0388 Tm499.02Tj 10.98 0 0 10e98 ntedtu

- a. *Reporting Entity* - The College is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. The College is a separate entity which, along with all State institutions of higher education, the Higher Education Central Office and the West Virginia Network for Educational Telecomputing ("WVNET"), form the Higher Education Fund of the State. The Higher Education Fund of the State is considered a component unit of the State, and is discretely presented in the State's comprehensive annual financial report.

The accompanying combined financial statements present all funds under the authority of the College, including its component units, Glenville State College Research Corporation (the "Corporation"), which was formed on December 10, 1990 as a non-profit, non-stock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a non-profit. All intercompany balances and transactions have been eliminated in combination. The Corporation and Housing Corporation are included on the Blended Method. The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Foundation and Alumni Association of the College are not part of the College reporting entity and are not included in the accompanying financial statements as the College has no ability to designate management, cannot significantly influence operations of these entities and is not accountable for the fiscal matters of the Foundation and Alumni Association.

- b. *Basis of Accounting* - The financial statements of the College have been prepared on the accrual basis of accounting. Revenues are reported when earned and expenditures are reported when materials or services are received. The statement of current funds revenues, expenditures, transfers and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the year as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of library books and moveable equipment; (2) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewal and replacement; and (3) transfers of a nonm

- d. *Cash and Cash Equivalents* - Cash and cash equivalents balances on deposit with the West Virginia Treasurer's Office (the "Treasurer") are pooled by the Treasurer with other available funds of the State for investment by the West Virginia Investment Management Board (the "IMB"). These funds are transferred to the IMB, and the IMB is directed by the Treasurer to invest these funds in specific external investment pools. Balances in the investment pools are recorded at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investm

employee, determined the cost of that benefit by reference to the benefit provisions and the current cost experienced by the College for such coverage and estimated the probability of the payment of that benefit to employees upon retirement.

The estimated liability for vacation leave, sick leave or extended health or life insurance retirement payments are recorded principally within the College's current funds.

- j. *Risk Management* - The State's Board of Risk and Insurance Management ("BRIM") provides

assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. *Reclassifications* - Certain reclassifications have been made to the 2000 financial statements to

Cash on deposit with the Treasurer is a noncategorized deposit in accordance with GASB Statement No. 3.

**4. INVESTMENT IN PLANT**

The composition of investment in plant was as follows at June 30, 2001 and 2000:

|                                     | <b>2001</b>         | <b>2000</b>         |
|-------------------------------------|---------------------|---------------------|
| Land and land improvements          | \$ 2,513,509        | \$ 2,513,509        |
| Buildings and building improvements | 20,769,605          | 20,537,114          |
| Construction in progress            | 3,626,416           | -                   |
| Equipment                           | 3,952,715           | 3,610,382           |
| Library books                       | <u>1,656,821</u>    | <u>1,739,141</u>    |
|                                     | <u>\$32,519,066</u> | <u>\$28,400,146</u> |

**5. CAPITAL LEASE OBLIGATIONS**

The College leases various equipment. These obligations are accounted for as capital leases. The following is a schedule by year of future annual minimum paym

**6. BONDS PAYABLE**

There were no bonds payable on June 30, 2000. Bonds payable consisted of the following at June 30, 2001:

**Annual**

**Princi**

The following is a schedule by year of future annual minimum payments required under the note existing at June 30, 2001:

| Year Ending<br>June 30,            |                         |
|------------------------------------|-------------------------|
| 2002                               | \$ 6,600                |
| 2003                               | 6,200                   |
| 2004                               | 5,800                   |
| 2005                               | <u>5,400</u>            |
| Total                              | 24,000                  |
| Less portion representing interest | <u>4,000</u>            |
|                                    | <u><u>\$ 20,000</u></u> |

#### 8. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

The State has chartered the University System of West Virginia and the State College System of West Virginia (collectively, the "Systems") with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the current Boards of the Systems (the "Boards"). These obligations are the direct and total responsibility of the Boards.

Students of the State's universities and colleges, including students of the College, are assessed certain tuition charges and fees which must be remitted by the universities and the colleges to the Boards for use in repayment of the bonds so issued. Any shortfalls between such tuition and fees remitted and actual debt service obligations are the responsibility of the Boards and the State. To the extent that tuition charges and fees so collected by the Boards exceed debt service obligations, the Boards may remit funds back to the universities and colleges for renewal and replacement or maintenance and repair of the facilities so financed.

The amounts of tuition and fees remitted by the College to the Commission and the amounts returned or due back from the Commission to the College are summarized as follows for the years ended June 30, 2001 and 2000:

|   | 2001                     | 2000                     |
|---|--------------------------|--------------------------|
| Tuition and fees contractually required to be remitted by the College to the Commission - (mandatory transfers) | \$ 930,452               | \$ 932,590               |
| Less amounts returned or due back from the Commission to the College for plant renewal and maintenance purposes | <u>427,756</u>           | <u>559,316</u>           |
| Net amount retained by the Board  | <u><u>\$ 502,696</u></u> | <u><u>\$ 373,274</u></u> |

The tuition and fees earned by the College from its students are recorded as unrestricted current funds' revenues of the College. The net amount retained by the Commission is recorded as an unrestricted current fund deduction to the College.

Plant Renewal and Capital Improvement Funds returned or due back from the Commission to the

Total contributions to the TIAA-CREF for the years ended June 30, 2001, 2000 and 1999, were \$563,758, \$543,398 and \$513,432, respectively, which consisted of equal contributions from the College and covered employees in 2001, 2000 and 1999 of \$281,879, \$271,699 and \$256,716, respectively.

The College's total payroll for the years ended June 30, 2001, 2000 and 1999, was \$7,777,098, \$7,713,558 and \$7,368,374, respectively; total covered employees' salaries in the STRS and TIAA-CREF were \$2,685,009 and \$4,679,238 in 2001, respectively, and \$2,778,753 and \$4,487,233 in 2000, respectively.

**10.**

### **13. CONTINGENCIES**

The nature of the educational industry is such that, from time-to-time, claims will be presented against the College on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system.

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

To the Glenville State College Governing Board:

We have audited the combined financial statements of Glenville State College (the "College") as of and for the year ended June 30, 2001, and have issued our report thereon dated October 5, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **Compliance**

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

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the College's internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the College in a separate letter dated October 5, 2001.

This report is intended solely for the information and use of the College Governing Board, management of the 141.9235 2