

# ***Glennville State College***

*Combined Financial Statements and  
Additional Information as of and for the  
Years Ended June 30, 2003 and 2002 and  
Independent Auditors' Reports*

# GLENVILLE STATE COLLEGE

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2003, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Deloitte & Touche LLP*

November 7, 2003



Net assets are divided into three major categories. The first category, invested in capital assets, accounts for equity in the property, plant and equipment owned by the College

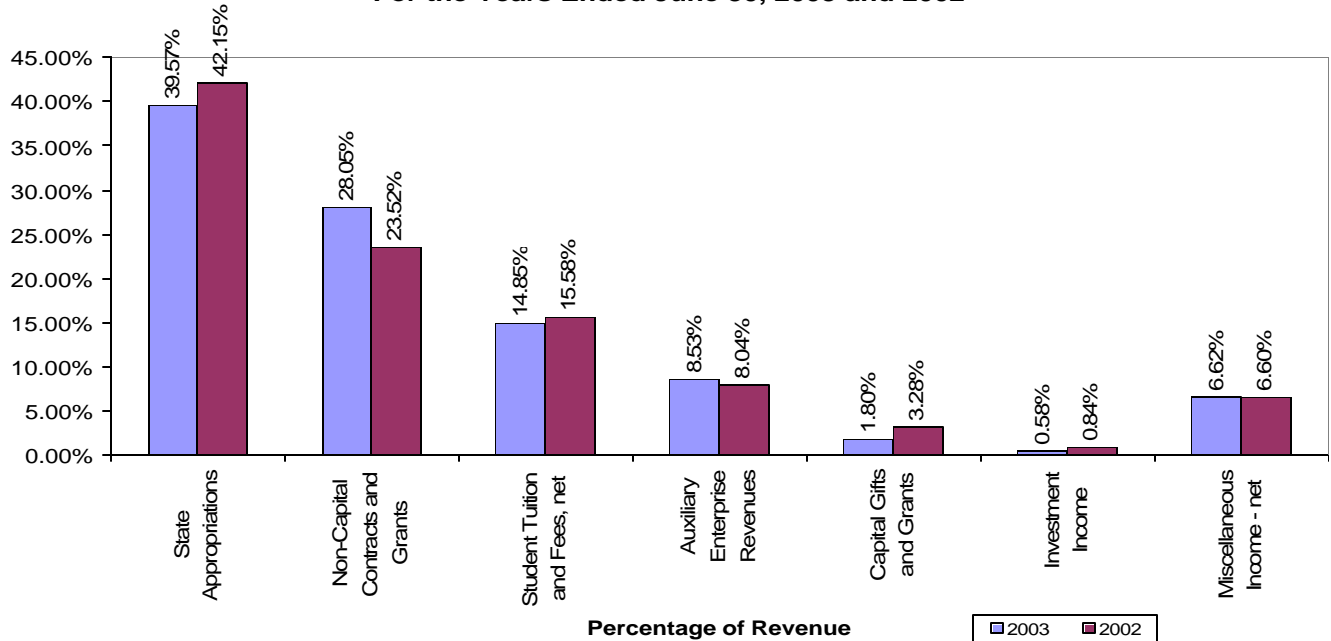
Principal on the Pioneer Village bonds and system-wide debt assigned by the HEPC were reduced \$70,000 and \$211,303 respectively.

### **Combined Statements of Revenues, Expenses and Changes in Net Assets**

Changes in total net assets, as presented on the Combined Statements of Net Assets, are based on the activities presented in the Combined Statements of Revenues, Expenses, and Changes in Net Assets (“SRECNA”). The purpose of the SRECNA is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains and losses

Investment income	122,340	167,547	(26.98%)
Capital grants and gifts	<u>380,828</u>	<u>655,000</u>	<u>(41.86%)</u>
Total Revenues	<u>\$21,128,409</u>	<u>\$19,968,154</u>	5.81

**Total Revenues  
For the Years Ended June 30, 2003 and 2002**



The major sources of revenue for the College include student tuition and fees, interest on loans receivable, state appropriations, capital grants and gifts, government grants, contracts, and student aid, auxiliary enterprise revenues, investment income, and miscellaneous income.

- Student tuition and fees (net of scholarship allowance) made up 25.59% of the College's operating revenues and 15.25% of total revenues. Tuition and fee revenues increased over the previous year because resident and non-resident tuition and fees were increased by 8.52% and 5.88%, respectively.
- Other operating revenues such as noncapital contracts and grants, auxiliary enterprise revenue, interest on loans receivable, and miscellaneous – net revenues comprised 43.00% and 38.16% of the College's operating revenues in FY 2003 and FY 2002, respectively. FY2003 grant awards included a \$200,000 FIPSE award, a \$50,000 Professional Development Schools grant, and a \$50,000 Nursing grant.
- State appropriations consisted mainly of State appropriated general revenue funds in the amount of \$7,760,459, net of a 3.4% mid-year reduction of \$273,142. The College also received a \$600,000 appropriation of Lottery Special Revenue funds. These State appropriations accounted for 39.39% of total revenues in FY 2003 compared to 42.15% in FY 2002. These appropriations are used to pay salaries and benefits in support of the operations of the College.
- Investment income made up 0.58% of total revenues in FY 2003 compared to 0.84% in FY 2002. The College participates in the investment pool managed by the State.



- In FY 2003, the College received \$380,828 in Capital Projects Proceeds from the Commission.

**Operating and Non-operating Expenses:**

The operating expenses of the College by natural classification are as follows:

	<b>2003</b>	<b>2002</b>	<b>% Change</b>
Salaries and wages	\$8,228,874	\$7,871,238	4.54%
Benefits	2,276,266	2,335,367	(2.53%)
Supplies and other services	4,327,837	4,546,186	(4.80%)
Utilities	844,972	731,351	15.54%
Student financial aid, scholarships and fellowships	2,596,177	2,045,576	26.92%
Depreciation	1,448,604	1,047,127	38.34%
Loan cancellations and write-			

Non-operating expenses consisted primarily of interest on indebtedness \$334,625 and fees assessed by the HEPC for system-wide debt service \$180,163.

### **Transfer of Capital Projects Proceeds From Policy Commission**

The FY2003 transfer of capital projects proceeds from the Policy Commission in the amount of \$380,828 represents a “one time” transfer of excess capital projects funds that had accumulated at the HEPC for several years. The College plans to use these restricted funds for the renovation of the main floor of the Robert F. Kidd Library.

### **Combined Statements of Cash Flows**

The Combined Statements of Cash Flows presents detailed information about the cash activities of the College during the year. This statement assists the users to analyze the College’s ability to generate net cash flows, meet obligations as they come due, and its need for external financing.

The Statement of Cash Flows is divided into five parts:

- 1) *Cash flows from operating activities.* This section shows the net cash used by the operating activities of the College.
- 2) *Cash flows from non-capital financing activities.* This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.
- 3) *Cash flows from capital and related financing activities.* This section includes cash used for the acquisition and construction of capital and related items.
- 4) *Cash flows from investing activities.* This section shows the purchases, proceeds, and interest received from investing activities.
- 5) *Reconciliation of net cash used to the operating loss.* This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities to the operating loss reflected in the SRECNA.

### **Combined Statements of Cash Flows For the Years Ended June 30, 2003, and 2002**

	<b>2003</b>	<b>2002</b>	<b>% Change</b>
Cash provided by (used in):			
Operating activities	\$(6,275,895)	\$(6,411,074)	(2.11%)
Non capital financing activities	8,366,731	8,106,633	3.21%
Capital financing activities	(1,794,186)	(1,378,066)	30.20%
Investing activities	<u>122,340</u>	<u>172,599</u>	<u>(29.12%)</u>
Increase in cash and cash equivalents	418,990	490,092	(14.51%)
Cash and cash equivalents, beginning of year	<u>2,920,444</u>	<u>2,430,352</u>	<u>20.17%</u>
Cash and cash equivalents, end of year	<u>\$3,339,434</u>	<u>\$ 2,920,444</u>	<u>14.35%</u>

## **Capital Asset and Debt Administration**

The College had capital asset additions of \$1,581,126

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENTS OF NET ASSETS JUNE 30, 2003 AND 2002

### ASSETS

2002

#### CURRENT ASSETS:

Cash and cash equivalents	\$	\$ 2,920,444
Appropriations due from Primary Government		750,907
Accounts receivable—net		321,160
Loans to students—current portion		330,592
Prepaid expenses		196
Inventories		<u>87,862</u>

Total current assets

4,411,161

#### NONCURRENT ASSETS:

Cash and cash equivalents		589,568
Loans to students (net of allowance of \$-0- and \$498,936)		363,029
Capital assets—net		<u>16,978,794</u>

**GLENVILLE STATE COLLEGE**

**COMBINED STATEMENTS OF NET ASSETS  
JUNE 30, 2003 AND 2002**

**LIABILITIES AND NET ASSETS**

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2003 AND 2002

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	2003	2002
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of \$2,013,817 and \$1,924,820)	\$ 3,138,201	\$ 3,110,425
Contracts and grants:		
Federal	3,851,275	3,431,520
State	1,460,439	1,230,221
Private	614,837	34,729
Interest on student loans receivable	6,177	12,987
Sales and services of educational activities	1,391,123	1,292,858
Auxiliary enterprise revenue (net of scholarship allowance of \$943,053 and \$667,475)	1,801,923	1,604,524
Miscellaneous—net	<u>807</u>	<u>12,273</u>
Total operating revenues	<u>12,264,782</u>	<u>10,729,537</u>
OPERATING EXPENSES:		
Salaries and wages	8,228,874	7,871,238
Benefits	2,276,266	2,335,367
Supplies and other services	4,327,837	4,546,187
Utilities	844,972	731,350
Student financial aid—scholarships and fellowships	2,596,177	2,045,576
Depreciation	1,448,604	1,047,127
Loan cancellations and write-offs	76,884	14,355
Fees assessed by the Commission for operations	<u>91,704</u>	<u>82,191</u>
Total operating expenses	<u>19,891,318</u>	<u>18,673,391</u>
OPERATING LOSS	<u>(7,626,536)</u>	<u>(7,943,854)</u>

(Continued)

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
NONOPERATING REVENUES (EXPENSES):		
State appropriations	\$ 8,360,459	\$ 8,416,070
Investment income	122,340	167,547
Interest on indebtedness	(334,625)	(319,130)
Other nonoperating expense—net		(478)
Fees assessed by the Commission:		
Principal		(201,658)
Interest and fees	<u>(180,163)</u>	<u>(193,633)</u>
Net nonoperating revenues	<u>7,968,011</u>	<u>7,868,718</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	341,475	

# GLENVILLE STATE COLLEGE

## COMBINED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Student tuition and fees	\$ 2,801,315	\$ 2,724,196
Contracts and grants	5,732,173	4,707,785
Payments to and on behalf of employees	(10,550,615)	(9,919,697)
Payments to suppliers	(4,362,532)	(4,580,141)
Payments to utilities	(834,462)	(467,965)
Payments for scholarships and fellowships	(2,489,913)	(2,045,576)
Loans issued to students	(133,712)	(368,612)
Collection of loans to students	237,482	277,255
Sales and service of educational activities	1,418,959	758,163
Auxiliary enterprise charges	1,804,722	2,019,530
Fees assessed by the Commission for operations	91,704	395,291
Other receipts and payments—net	<u>8,984</u>	<u>88,697</u>
Net cash used in operating activities	<u>(6,275,895)</u>	<u>(6,411,074)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State appropriations	8,366,731	8,106,633
William D. Ford direct lending receipts	4,818,036	3,822,112
William D. Ford direct lending payments	<u>(4,818,036)</u>	<u>(3,822,112)</u>
Net cash provided by noncapital financing activities	<u>8,366,731</u>	<u>8,106,633</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(720,481)	(1,624,843)
Debt service paid to Commission	(391,551)	(395,291)
Principal paid on notes, bonds and leases	(194,866)	(101,366)
Interest paid on notes, bonds and leases	(333,106)	(318,089)
Decrease in noncurrent cash and cash equivalents	(535,010)	
Capital projects proceeds from the Commission	<u>380,828</u>	<u>1,061,523</u>
Net cash used in capital financing activities	<u>(1,794,186)</u>	<u>(1,378,066)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>122,340</u>	<u>172,599</u>
Net cash provided by investing activities	<u>122,340</u>	<u>172,599</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	418,990	490,092
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u>2,920,444</u>	<u>2,430,352</u>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	3,339,434	



# GLENVILLE STATE COLLEGE

## COMBINED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2003 AND 2002

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	2003	2002
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$(7,626,536)	\$(7,943,854)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,448,604	1,047,127
Changes in assets and liabilities:		
Accounts receivable—net	108,966	(16,457)
Loans to students—net	680,099	(54,129)
Prepaid expenses	(3)	774
Inventories	(15,788)	(26,924)
Accounts payable	14,589	9,724
Accrued liabilities and due to the Commission	(316,421)	270,113
Compensated absences	43,543	355,601
Deferred revenue	(24,569)	(15,424)
Advances from Federal Sponsors	<u>(588,379)</u>	<u>(37,625)</u>
 NET CASH USED IN OPERATING ACTIVITIES	 <u>\$(6,275,895)</u>	 <u>\$(6,411,074)</u>
 NONCASH TRANSACTIONS:		
Transfer in of Commission Debt	<u>\$ -</u>	<u>\$ 2,868,593</u>
Capital gifts of equipment and stadium turf	<u>\$ -</u>	<u>\$ 655,000</u>
Accretion of bond discount into bonds payable	<u>\$ 1,519</u>	<u>\$ 1,519</u>
Capital lease obligation and note payable incurred for equipment	<u>\$ 860,750</u>	<u>\$ -</u>

See notes to combined financial statements.

(Concluded)





GASB Statement No. 35 requires the statements of net assets, revenues, expenses, and changes in net assets, and cash flows to be reported on an entity-wide basis. The provisions of GASB Statement No. 35 have been applied to the years presented. Following is a reconciliation of total June 30, 2001 fund balances, as previously reported, to the restated net asset balances for the same date:

Combined fund balances—as previously reported	\$ 30,355,577
Accumulated depreciation	(17,059,378)
Infrastructure capitalization	286,390
Reclassification of federal loan programs (Perkins)	<u>(726,082)</u>
Combined fund balances, restated as net assets— beginning of year ended June 30, 2002	<u>\$ 12,856,507</u>

***Basis of Accounting***—For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s combined financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

***Cash and Cash Equivalents***—For purposes of the statements of net assets, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer’s Office (the “State Treasurer”) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Investment Management Board (the “IMB”). These funds are transferred to the IMB and the IMB is directed by the State Treasurer to invest the 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 Investments for External Investment Pools*. The IMB was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit with the State Treasurer are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

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

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

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

***Noncurrent Cash and Cash Equivalents***—Cash that is (1) externally restricted to make debt service payments, long-term loans to students or to maintain sinking or reserve funds, and (2) to purchase capital or other noncurrent assets, is classified as a noncurrent asset in the statements of net assets.

***Capital Assets***—Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-



provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

***Gifts and Pledges***—The College does not report pledges in the combined financial statements until the

### 3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30, 2003 and 2002:

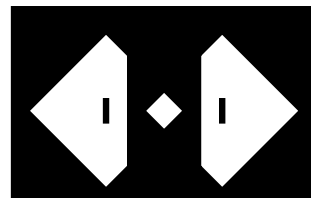
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Cash on deposit with the State Treasurer	\$2,617,516	\$ 951,720	\$3,569,236
Cash in bank	<u>721,918</u>	<u>172,858</u>	<u>894,776</u>
	<u>\$3,339,434</u>	<u>\$1,124,578</u>	



**5. CAPITAL ASSETS**

Capital assets consisted of the following at June 30, 2003 and 2002:

	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	\$ 462,913	\$ -	\$	▲ ▼	462,913
Total capital assets not being					



	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfer</b>	<b>Ending Balance</b>
Capital assets not being depreciated:					
Land	\$ 462,913	\$ -	\$ -	\$ -	\$ 462,913
Construction in progress	<u>3,626,416</u>	<u>1,132,618</u>	<u>                    </u>	<u>(4,759,034)</u>	<u>                    </u>
Total capital assets not being depreciated	<u>\$ 4,089,329</u>	<u>\$1,132,618</u>	<u>\$ -</u>	<u>\$(4,759,034)</u>	<u>\$ <del>4,089,329</del> (4,759,034)</u>
Other capital assets:					
Land improvements	\$ 1,231,283	\$ 68,682	\$ -	\$ -	\$ 1,299,965
Infrastructure	1,291,103	55,000			

**6. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of long-term obligation transactions for the College for the years ended June 30, 2003 and 2002:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable net of discount, including unexpended funds of \$172,857 at June 30, 2003	\$ 4,947,084	\$ 1,519	\$ 70,000	\$ 4,878,603	75,000

The following is a schedule by year of future annual minimum payments required under the Series 2000 A bonds existing at June 30, 2003:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 75,000	\$ 293,886	\$ 368,886
2005	80,000	289,875	369,875
2006	85,000	285,564	370,564
2007	85,000	281,080	366,080
2008	90,000	276,420	366,420
2009 - 2013	540,000	1,298,828	1,838,828
2014 - 2018	715,000	1,114,262	1,829,262
2019 - 2023	960,000	862,320	1,822,320
2024 - 2028	1,300,000	517,134	

**9. NOTE PAYABLE**

Note payable consisted of the following at June 30, 2003 and 2002:

	<u>2003</u>			<u>2002</u>		
	<u>Interest Rate</u>	<u>Annual Principal Installment Due</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Annual Principal Installment Due</u>	<u>Principal Amount Outstanding</u>
Real Estate Purchase:						
\$35,000 promissory note collateralized by 1st lien on purchased Lot 35, Gilmer County, West Virginia	8.0%	\$5,000 every January 1 through 2005	<u>\$ 10,000</u>	8.0%	\$5,000 every January 1 through 2005	<u>\$ 15,000</u>
\$79,000 promissory note collateralized by 1st lien on purchased house and Lot, Gilmer County, West Virginia	6.0%	\$565.98 monthly through 6/07 plus balloon	<u>\$ 76,891</u>			

The following is a schedule by year of future annual minimum payments required under the note existing at June 30, 2003:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	7,239	\$ 5,353	\$ 12,592
2005	7,377	4,815	12,192
2006	2,525	4,267	6,792
2007	69,750	4,112	<u>73,862</u>
Total			105,438
Less portion representing interest			<u>18,547</u>
			<u>\$ 86,891</u>

**10. COM 10.**

government. Those mandates affect all aspects of the College's operations, its tuition and fee structure, its personnel policies and its administrative practices.

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission, effective as of June 30, 2001. The amount allocated to the College during the years ended June 30, 2003 and 2002 was \$2,657,205 and \$2,868,593, respectively.

## **12. RETIREMENT PLANS**

Substantially all full-time employees of the College participate in either the West Virginia Teachers' Retirement System (the "STRS") or the Teachers' Insurance and Annuities Association - College

The contribution rate is set by the State Legislature on an overall basis and the STRS does not perform a calculation of the contribution requirement for individual employers, such as the College. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, Building 5, Room 1000, Charleston, WV 25305.

Total contributions to the TIAA-CREF for the years ended June 30, 2003, 2002 and 2001, were \$609,722, \$592,546 and \$563,758, respectively, which consisted of equal contributions from the College and covered employees in 2003, 2002 and 2001 of \$304,861, \$296,273 and \$281,879, respectively.

The College's total payroll for the years ended June 30, 2003 and 2002, was \$7,871,238 and \$7,938,236; total covered employees' salaries in the STRS and TIAA-CREF were \$2,303,619 and \$5,070,543 in 2003, respectively, \$2,437,167 and \$4,918,905 in 2002, respectively.

### **13. FOUNDATION (UNAUDITED)**

The Glenville State College Foundation, Inc. (the "Foundation") is a separate nonprofit organization incorporated in the State and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Accordingly, the accompanying combined financial statements of the Foundation are not included in the accompanying combined financial statements.

Contributions to the Foundation, which are not reflected in the accompanying combined financial statements, totaled \$523,160 and \$669,065, respectively for the years ended June 30, 2003 and 2002. During the year ended June 30, 2003 and 2002, the Foundation contributed \$210,905 and \$260,269, respectively, to the College for scholarships.

### **14. AFFILIATED ORGANIZATION**

The College has a separately incorporated affiliated organization, the Glenville State College Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the College. Accordingly, the accompanying combined financial statements of this organization are not included in the College's accompanying combined financial statements.

### **15. 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.

In the opinion of management, all known claims are covered by insurance or are such that an award against the College would not seriously impact the financial status of the institution.

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

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

## 16. TRANSFER OF COMMUNITY AND TECHNICAL COLLEGE

During the 2003 session, the West Virginia Legislature passed House Bill 2224, which provided for the separation of the Community and Technical College ("CTC") component of Glenville State College. Effective July 1, 2003, the College's CTC service area was divided between New River Community and Technical College of Bluefield State College and Fairmont State College. The College has subsequently been involved with transition issues with regard to the transfer of employees, records, assets, liabilities, revenues and expenses. CTC assets and liabilities as of June 30, 2003 were \$382,021 and \$78,697,080 TD 0 Tc40

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Condensed financial information for the College's segment is as follows:

**The County Commission of Gilmer County,  
West Virginia, Commercial Development Revenue Bonds  
(Glenville State College Housing Corporation Project), Series 2000A**

<b>Condensed Statement of Net Assets (Unaudited)</b>	<b>2003</b>	<b>2002</b>
Assets:		
Current assets	\$ 318,861	\$ 360,159
Capital assets	<u>6,087,141</u>	<u>6,121,378</u>
Total assets	6,406,002	

**Condensed Statement of Cash Flows (Unaudited)**

	<b>2003</b>	<b>2002</b>
Net cash provided by operating activities	\$ 384,045	\$ 451,922
Net cash used by capital and related financing	<u>(425,342)</u>	<u>(1,425,346)</u>
Net decrease in cash	(41,297)	(973,424)
Cash—beginning of year	<u>360,159</u>	<u>1,333,583</u>
Cash—end of year	<u><u>\$ 318,862</u></u>	<u><u>\$ 360,159</u></u>

## 18. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2003 and 2002, the following table represents operating expenses within both natural and functional classifications:

	<b>Salaries and Wages</b>	<b>Benefits</b>	<b>Supplies and Services</b>	<b>Utilities</b>	<b>Scholarships and Fellowships</b>	<b>Depreciation</b>	<b>Cancellations and Write-offs</b>	<b>Fees Assessed by the Commission for Operations</b>	<b>Total</b>
Instruction	\$ 3,908,501	\$ 884,053	\$ 436,676	\$ 19,445	\$ -	\$ -	\$ -	\$ -	\$ 5,248,675
Academic support	702,868	150,490	290,473	24,211					1,168,042
Student services	976,872	265,739	264,324	33,909					1,540,844
General institutional support	1,390,431	532,385	891,164	108,287					2,922,267
Operations and maintenance of plant	550,124	238,776	751,461	333,038					1,873,399
Student financial aid					2,596,177				2,596,177
Auxiliary enterprises	700,078	204,823	1,693,739	326,082					2,924,722
Depreciation						1,448,604			1,448,604
Fees assessed by the Commission for operations								91,704	91,704
Other									

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**Deloitte**

This report is intended solely for the information and use of the College Governing Board, management of the College and West Virginia Higher Education Policy Commission, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

November 7, 2003