GLENVILLE STATE COLLEGE

Glenville, West Virginia

Combined Financial Statements and
Additional Information for the Years
Ended June 30, 2004 and 2003 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Glenville State College
Glenville, West Virginia

We have audited the accompanying combined financial statements of the business-type activities and discretely presented component unit of Glenville State College ("the College"), as of and for the year ended June 30, 2004, which collectively comprise the College's basic financial statements as listed in the foregoing table of contents. These combined financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The financial statements of Glenville State College as of June 30, 2003 were audited by other auditors whose report dated November 7, 2003 expressed an unqualified opinion on those statements. We did not audit the financial statements of Glenville State College Foundation, Inc., which represents the only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the 2004 and 2003 amounts included for Glenville State College Foundation, Inc. is based on the report of the other auditors.

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. The Glenville State College Foundation, Inc.'s financial statements, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2004, and the respective changes in net assets and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the College changed its financial statement presentation to adopt the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as an amendment to GASB Statement No. 14 as of July 1, 2003.

The Management Discussion and Analysis on pages 3 to 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

HAYFLICH & STEINBERG
September 21, 2004

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management Discussion and Analysis
Fiscal Years 2004, 2003, and 2002

Overview of the Combined Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its combined financial statements for the fiscal years 2004 and 2003. The following management discussion and analysis provides an overview of the financial position and activities of the College for the years ended June 30, 2004, 2003, and 2002.

There are three financial statements presented: the Combined Statements of Net Assets; the Combined Statements of Revenues, Expenses, and Changes in Net Assets; and the Combined Statements of Cash Flows. These statements provide both long-term and short-term financial information on the College.

Financial Highlights

The overriding influence affecting our financial position in fiscal year 2004 was the realignment of our Community and Technical College component with Bluefield State College and Fairmont State University mandated by HB 2224. This resulted in a decline of approximately one-third of our enrollment. Full Time Equivalent and headcount for Fall 2003 were 1,205 and 1,377 respectively compared to 1789 FTE and 2,184 headcount in Fall 2002 and 1,807 and 2,144 respectively in Fall 2001. Accordingly the net assets decreased by 0.47 % from the previous year. The loss of revenue from the realignment of CTC was partially offset by an increase in tuition of 9.3% in-state and 12.75% out of state. Accordingly tuition revenues only decreased 19.28 % overall for 2004. In addition state appropriations were reduced by $3,094,859 as a result of the CTC realignment and an across the board statewide reduction.

Grant revenue decreased $628,351 in FY2004 again due in large part to federal student grants that went to students at the Community and Technical College. Grants not directly related to student financial aid remained strong with the receipt of $694,000 of a total $2.6 million HUD grant designated for renovation of the Heflin Student Union. The Perkins Loan Program was terminated resulting in a $5,113 reduction of net loans receivable.

Combined Statement of Net Assets

The Combined Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The purpose of the Combined Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the College. The Combined Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities). The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the combined financial statements.

The Combined Statement of Net Assets provides a way to measure the financial position of the College. It provides a picture of the net assets and their availability for expenditure by the College. From the data presented, readers of the Combined Statement of Net Assets are able to determine the assets available to continue the operations of the College. They are also able to determine how much is owed to employees, vendors and lending institutions.

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. Title to all property was transferred to the Glenville State College Board of Governors by the Higher Education Policy Commission (HEPC). The next asset category is restricted net assets, net of related debt, which is divided into two categories: nonexpendable (permanently restricted) and expendable. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Included in restricted expendable net assets are balances that have been designated for specific purposes in West Virginia State Code. This category includes auxiliary enterprise balances as well as certain student fee funds that are designated within state code for specific general purposes such as housing operations or library operations. The final category is unrestricted net assets, which are available for expenditure for any lawful purpose of the College.

Combined Statements of Net Assets
For the Years Ended June 30, 2004, 2003 and 2002

Assets:	**2004**	**2003**	**2002**	**% Change**
Current assets	$ 4,458,175	$ 4,413,634	$ 4,411,161	0.01%
Non-current assets	1,069,420	1,124,578	952,597	-4.90%
Capital assets, net	16,444,498	17,111,421	16,978,794	-3.90%
Total Assets	$ 21,972,093	$ 22,649,633	$ 22,342,552	-2.99%
Liabilities				
Current Liabilities	$ 1,903,793	$ 2,002,079	$ 2,098,744	-4.91%
Non-current Liabilities	8,831,663	9,357,473	9,676,030	-5.62%
Total Liabilities	$ 10,735,456	$ 11,359,552	$ 11,774,774	-5.49%
Net Assets (Deficit)				
Invested in capital assets, net of related debt	$ 8,292,538	$ 8,472,233	$ 8,795,621	-2.12%
Restricted – expendable	2,132,578	3,178,144	2,148,820	-32.90%
Unrestricted	811,521	(360,296)	(376,663)	325.23%
Total Net Assets	$ 11,236,637	$ 11,290,081	$ 10,567,778	-0.47%
Total Liabilities and Net Assets	$ 21,972,093	$ 22,649,633	$ 22,342,552	-3.0%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was 2.3, 2.2, and 2.1 as of June 30, 2004, 2003 and 2002, respectively. These indicate that the College has sufficient available resources to meet its current obligations.

Significant Changes in Net Assets

At June 30, 2004, the College's total net assets decreased from the previous year by $53,444 after the transfer of $243,642 of CTC net assets. Current cash and cash equivalents increased by approximately $609,864 as a result of efficiencies gained by restrictions on departmental spending and reductions of most staff positions from 1.00 to .87 FTE. The College completed the phase out of the Perkins Loan

Program and transferred $25,983 of outstanding student loans and $72,710 of advanced funds back to the federal government.

Non-current assets decreased by $ 722,081. Non-current cash and cash equivalents decreased by approximately $55,158 largely as a result of Capital Projects expenditures on classroom and office renovations.

Net capital assets decreased approximately $666,923 due primarily to $1,275,834 in depreciation and the transfer of CTC assets in the amount of $243,642. Principal on the Pioneer Village bonds and system-wide debt assigned by the HEPC were reduced $75,000 and $ 255,147 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 of the College.

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Revenues for which goods and services are not provided are reported as nonoperating revenues. State appropriations are nonoperating revenues because they are provided by the West Virginia Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

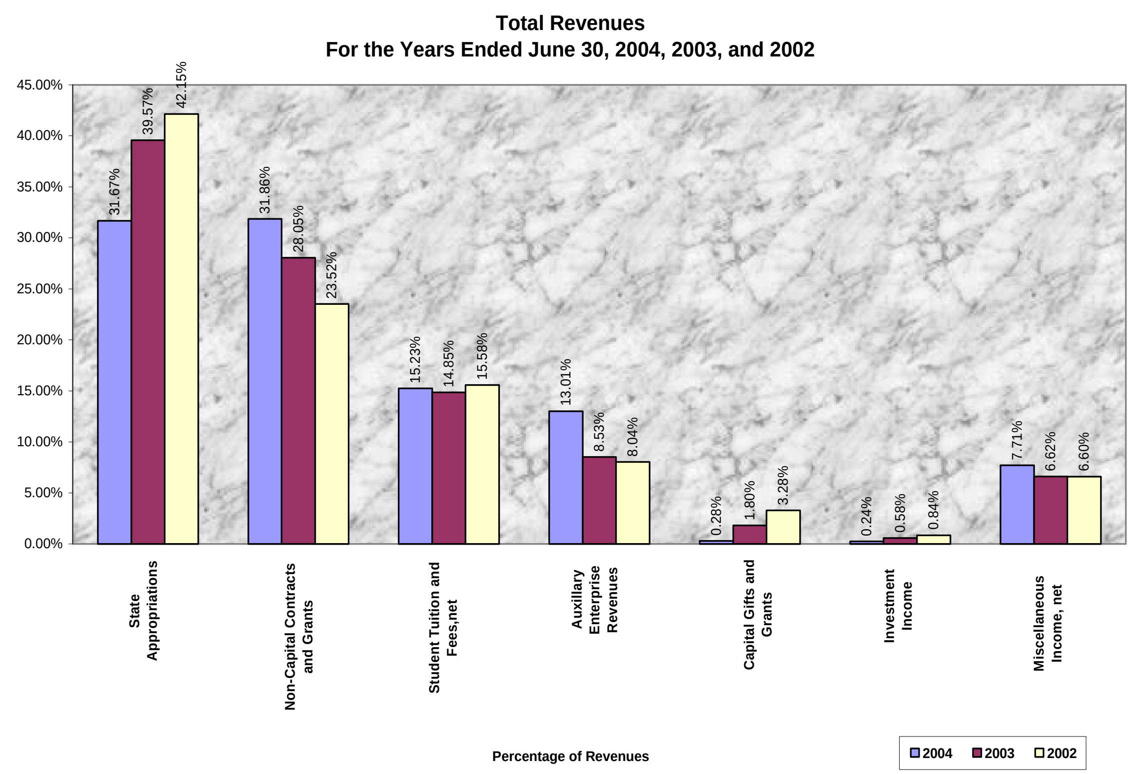
Combined Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2004, 2003, and 2002

	2004	**2003**	**2002**	**% Change**
Operating revenues	$ 11,276,248	$ 12,264,782	$ 10,729,537	(8.06%)
Operating expenses	16,004,483	19,891,318	18,673,391	(19.56%)
Operating loss	(4,728,235)	(7,626,536)	(7,943,854)	(38.04%)
Non-operating Revenues	5,305,260	8,482,799	8,583,617	(37.46%)
Non-operating Expenses	436,827	514,788	714,899	(15.14%)
Net Non-operating revenues	4,868,433	7,968,011	7,868,718	(38.90%)
Income (loss) before other revenues, expenses, gains or losses	140,198	341,475	(75,136)	(58.06%)
Capital Projects Proceeds	47,000	380,828	655,000	(87.66%)
Transfer of liability from HEPC			(2,868,593)	
Transfer of assets to CTC	(240,642)			
Increase (Decrease) in net assets	(53,444)	722,303	(2,288,729)	(107.40%)
Net assets, beginning of year	11,290,081	10,567,778	12,856,507	(6.83%)
Net assets, end of year	$ 11,236,637	$ 11,290,081	$ 10,567,778	(0.47%)

An analysis of the individual revenue and expense categories that contributed to the overall decrease in net assets reveals the following:

Revenues:

	2004	2003	2002	% Change
Program revenues (by major source)				
Tuition & fees before allowances	$ 4,056,403	$ 5,152,018	$ 5,035,245	(21.27%)
Less: scholarship discounts & allowances	(1,523,206)	(2,013,817)	(1,924,820)	(24.36%)
Research grants & contracts	5,298,200	5,926,551	4,696,470	(10.60%)
Auxiliary enterprise sales & services, net	2,162,950	1,801,923	1,604,524	20.03%
Miscellaneous	1,281,901	1,398,107	1,318,118	(8.31%)
General revenues (by major source)				
State appropriations	5,265,600	8,360,459	8,416,070	(37.02%)
Investment income	39,660	122,340	167,547	(67.58%)
Capital grants and gifts	47,000	380,828	655,000	(87.66%)
Total Revenues	$16,628,508	$21,128,409	$19,968,154	(21.30%)



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 22.46% of the College's operating revenues and 15.23% of total revenues. Tuition and fee revenues increased over the previous year as a result of resident and non-resident tuition and fee increases of 9.30% and 12.75%, respectively.

- Other operating revenues such as noncapital contracts and grants, auxiliary enterprise revenue, interest on loans receivable, and miscellaneous revenues comprised 52.58%, 43.00%, and 38.16% of the College's operating revenues in FY 2004, FY 2003 and FY 2002, respectively. FY2004 grant awards included a $174,000 FIPSE award, a $20,000 Professional Development Schools grant, and a $694,000 installment of a $2.6 million Housing and Urban Development Grant.

- State appropriated general revenue funds in the amount of $5,265,600 accounted for 31.67% of total revenues in FY 2004 compared to 39.39% in FY2003 and 42.15% in FY 2002. These appropriations are used to pay salaries and benefits in support of the operations of the College.

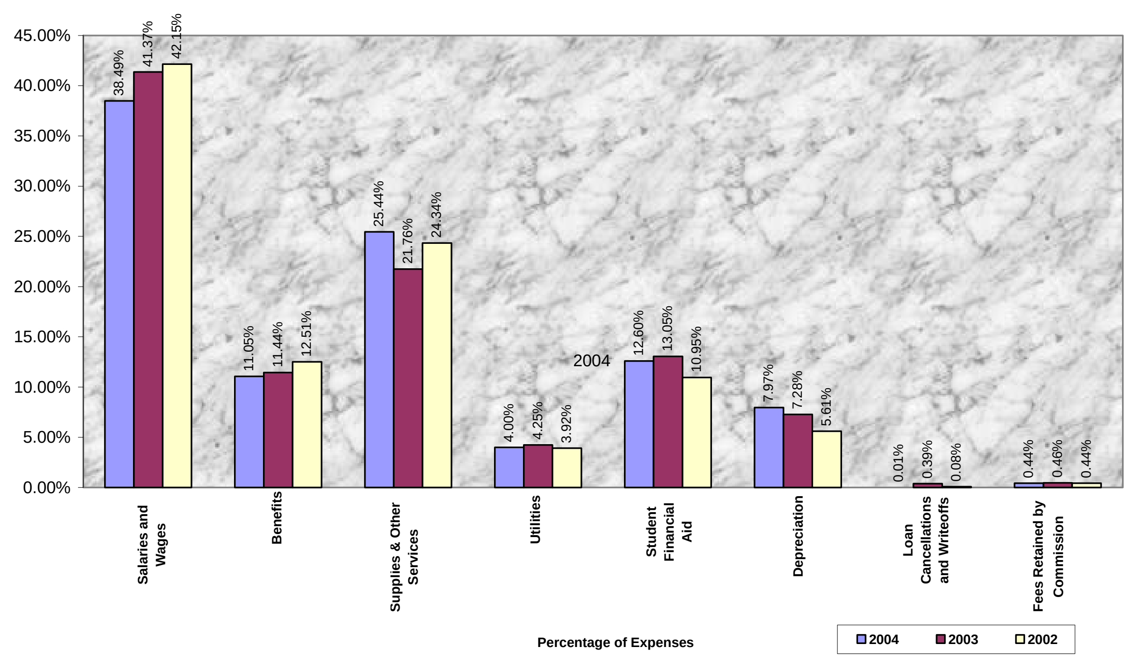
- Investment income declined by $82,680 (67.6%) from FY2003 to FY2004. This revenue source made up 0.24% of total revenues in FY 2004 compared to 0.58% in FY2003 and 0.84% in FY 2002. The College participates in the investment pool managed by the State.

Operating and Non-operating Expenses:

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

	2004	2003	2002	% Change
Salaries and wages	$ 6,158,296	$ 8,228,874	$ 7,871,238	(25.16%)
Benefits	1,768,959	2,276,266	2,335,367	(22.29%)
Supplies and other services	4,073,637	4,327,837	4,546,186	(5.94%)
Utilities	640,556	844,972	731,351	(24.19%)
Student financial aid, scholarships and fellowships	2,015,424	2,596,177	2,045,576	(22.37%)
Depreciation	1,275,834	1,448,604	1,047,127	(11.93%)
Loan cancellations and write-offs	1,192	76,884	14,355	(98.45%)
Fees retained by Commission for operations	70,585	91,704	82,191	(23.03%)
Total Operating Expenses	$16,004,483	$19,891,318	$18,673,391	(19.56%)

Total Operating Expenses
for the Years Ended June 30, 2004, 2003, and 2002



- Salaries and wages, and employee benefits made up approximately 49.54% of the operating expenses of the College in FY 2004 compared to 52.81% in FY2003, and 54.66% FY 2002.

- Utility costs in FY 2004 were $640,556, a decrease of 24.19% from FY 2003 and 12.41% in FY 2002. These costs represented 4.00% of the operating expenses compared to 4.25% in FY2003 and 3.92% in FY 2002.

- Scholarship and fellowship expenses decreased $580,753 or 22.37% from FY 2003, and 1.47% in FY2002. They represented 12.60%, 13.05% and 10.95% of the total operating expenses in FY 2004, FY 2003, and FY 2002, respectively.

Non-operating expenses consisted primarily of interest on indebtedness $334,826 and fees assessed by the HEPC for system-wide debt service $102,001.

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, 2004, 2003, and 2002

	2004	**2003**	**2002**	**% Change**
Cash provided by (used in):				
Operating activities	$(3,553,134)	$(6,275,895)	$(6,411,074)	43.38%
Non capital financing activities	5,794,787	8,366,731	8,106,633	(30.74%)
Capital financing activities	(1,673,934)	(1,794,186)	(1,378,066)	6.70%
Investing activities	42,145	122,340	172,599	(65.55%)
Increase in cash and cash equivalents	609,864	418,990	490,092	45.56%
Cash and cash equivalents, beginning of year	3,339,434	2,920,444	2,430,352	14.35%
Cash and cash equivalents, end of year	$ 3,949,298	$ 3,339,434	$ 2,920,444	18.26%

Capital Asset and Debt Administration

The College had capital asset additions of $849,553, $1,581,126 and $1,147,225 for the years ended June 30, 2004, 2003 and 2002, respectively. The FY 2004 additions were funded from a variety of sources including federal grants, College funds and private donation. Capital assets with a net book value of $240,642 were transferred to New River Community and Technical College of Bluefield State College.

- A portion of the third floor of Louis Bennett Hall was renovated to provide offices for Teacher's Education. Locating Teacher's Education on the same floor as the Business Division allows the 2 departments to share resources.

- Also on the third floor of LBH, a major renovation was undertaken to house the National Corrections and Law Enforcement Training Center. This is state of the art law enforcement training center which will also be available to the College's Criminal Justice program. The cost of the renovation was paid by NCLETC with all assets then donated to the College.
- A new softball field was built to accommodate the intercollegiate softball team. Approximately half of the total cost was paid for through private donation.
- In compliance with the realignment of the New River Community and Technical College mandated by HB2224, capital assets with a net value of $243,642 were transferred to Bluefield State College.
- No new capital debt was undertaken in FY2004.

Economic Outlook

The College's financial position is largely dependent upon the economy of the State of West Virginia and its local service area. State appropriations contribute approximately 32% of all revenues. As a result of the passage of HB2224, the Community and Technical College component of the College, with the exception of the Land Resources program, was transferred to New River Community and Technical College of Bluefield State College and Fairmont Community and Technical College of Fairmont State University. While this has lowered our revenue stream, the impact has been lessened through budget control, elimination of some unfilled positions and some positions vacated through attrition, and tuition increases of 10.98% and 7.5% respectively for in-state and out-of-state.

Due to continued effects from the 2003-04 state-wide recession, it is expected that all State Higher Education institutions will face a reduction in the base state appropriated budgets for FY2006. At this point the scope of the reduction is unknown. We are also anticipating increases in employee health insurance premiums, utility costs, and premiums for Board of Risk Insurance Management. In addition all staff personnel were returned to 1.0 FTE beginning July 1, 2004. For FY 2006, the College is projecting a slight increase in enrollment and fee increases to help offset additional expenses and reduced state appropriations.

We continue to emphasize the recruitment and retention of students. The College has historically been attractive for offering a quality education at an affordable price. There has been renewed emphasis on quality academic advising for all students particularly incoming freshman and the need to involve students as quickly as possible in college life, not only academically but socially and culturally. The college has applied for and is optimistic of receiving a federal TRIO grant. This grant is awarded for the development of programs which target incoming college freshmen to develop and improve the skills needed to be successful in the transition from high school to college. This program will improve retention rates, benefiting the college financially but more importantly providing the tools students need to succeed.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

ASSETS	2004	2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,949,298	$ 3,339,434
Appropriations due from Primary Government	215,448	744,635
Accounts receivable—net	172,450	212,194
Loans to students—current portion	8,409	13,522
Prepaid expenses	12,235	199
Inventories	100,335	103,650
Total current assets	4,458,175	4,413,634
NONCURRENT ASSETS:		
Cash and cash equivalents	1,069,420	1,124,578
Capital assets—net	16,444,498	17,111,421
Total noncurrent assets	17,513,918	18,235,999
TOTAL ASSETS	$21,972,093	$22,649,633

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

LIABILITIES AND NET ASSETS	2004	2003
CURRENT LIABILITIES:		
Accounts payable	$ 405,146	$ 244,048
Accrued liabilities	666,676	761,860
Due to the Commission	63,541	12,998
Advances from federal sponsors	8,916	100,078
Compensated absences—current portion	334,486	361,239
Deferred revenue		57,632
Note payable—current portion	7,377	7,239
Capital lease obligations—current portion	167,131	161,255
Bonds payable—current portion	80,000	75,000
Higher Education Policy Commission Debt Payable—current portion	170,520	220,730
Total current liabilities	1,903,793	2,002,079
NONCURRENT LIABILITIES	8,831,663	9,357,473
Total liabilities	10,735,456	11,359,552
NET ASSETS (DEFICIT):		
Invested in capital assets—net of related debt:	8,292,538	8,472,233
Restricted for:		
Expendable:		
Specific purposes by State Code		1,469,159
Scholarships	71,205	135,272
Loans	68,313	72,778
Capital projects	361,666	335,913
Debt service	714,546	658,947
Other	916,848	506,075
Unrestricted	811,521	(360,296)
Total net assets	11,236,637	11,290,081
TOTAL LIABILITIES AND NET ASSETS	$21,972,093	$22,649,633

See notes to combined financial statements. (Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

ASSETS	2004	2003
ASSETS:		
Cash	$ 171,131	$ 60,495
Investments	4,576,586	4,333,738
Unconditional promises to give—net of allowance for uncollectible promises of $0 and $0	87,077	81,429
Other current assets	74,652	76,891
Investment in capital assets	4,219	7,970
Land and other assets held for investment	131,914	131,914
TOTAL ASSETS	$ 5,045,579	$ 4,692,437
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Glenville State College	$	$ 6,133
Total liabilities		6,133
NET ASSETS:		
Unrestricted	392,725	375,940
Temporarily restricted	1,150,802	760,089
Permanently restricted	3,502,052	3,550,275
Total net assets	5,045,579	4,686,304
TOTAL LIABILITIES AND NET ASSETS	$ 5,045,579	$ 4,692,437

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $1,523,206 and $2,013,817)	$ 2,533,197	$ 3,138,201
Contracts and grants:		
Federal	3,386,545	3,851,275
State	1,201,786	1,460,439
Private	709,869	614,837
Interest on student loans receivable	32	6,177
Sales and services of educational activities	1,281,869	1,391,123
Auxiliary enterprise revenue (net of scholarship allowance of $992,337 and $943,053)	2,162,950	1,801,923
Miscellaneous—net		807
Total operating revenues	11,276,248	12,264,782
OPERATING EXPENSES:		
Salaries and wages	6,158,296	8,228,874
Benefits	1,768,959	2,276,266
Supplies and other services	4,073,637	4,327,837
Utilities	640,556	844,972
Student financial aid—scholarships and fellowships	2,015,424	2,596,177
Depreciation	1,275,834	1,448,604
Loan cancellations and write-offs	1,192	76,884
Fees assessed by the Commission for operations	70,585	91,704
Total operating expenses	16,004,483	19,891,318
OPERATING LOSS	(4,728,235)	(7,626,536)

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 5,265,600	$ 8,360,459
Investment income	39,660	122,340
Interest on indebtedness	(334,826)	(334,625)
Fees assessed by the Commission for debt service	(102,001)	(180,163)
Net nonoperating revenues	4,868,433	7,968,011
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	140,198	341,475
CAPITAL PROJECTS PROCEEDS FROM THE COMMISSION		380,828
CAPITAL GRANTS AND GIFTS	47,000	
INCREASE IN NET ASSETS BEFORE TRANSFER	187,198	722,303
TRANSFER OF ASSETS TO BLUEFIELD - NEW RIVER CTC	(240,642)	
INCREASE (DECREASE) IN NET ASSETS	(53,444)	722,303
NET ASSETS—Beginning of year	11,290,081	10,567,778
NET ASSETS—End of year	$11,236,637	$11,290,081

See notes to combined financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$ 74,672	$ 548,652	$ 90,550	$ 713,874
Contributed services				
Special events				
Administration fee	131,246			131,246
Interest income—promises to give				
Investment income	69,819	333,148	21,906	424,873
Net assets reclassified to conform With donor requests		151,873	(151,873)	
Net assets released from restrictions—Satisfaction of program restrictions				
Total revenues, gain and other support	275,737	1,033,673	(39,417)	1,269,993
EXPENSES:				
Program services	87,857	520,062	458	608,377
Management and general	137,026	122,898	8,348	268,272
Fundraising	14,517			14,517
Professional fees	11,248			11,248
Depreciation	8,304			8,304
Total expenses	258,952	642,960	8,806	910,718
CHANGE IN NET ASSETS	16,785	390,713	(48,223)	359,275
NET ASSETS—Beginning of year	375,940	760,089	3,550,275	4,686,304
NET ASSETS—End of year	$392,725	$ 1,150,802	$ 3,502,052	$5,045,579

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$140,681	$ 167,393	$ 215,086	$ 523,160
Contributed services				
Special events				
Administration fee	128,645			128,645
Interest income—promises to give				
Investment income	49,444	180,783	18,496	248,723
Net assets released from restrictions—Satisfaction of program restrictions				
Total revenues, gain and other support	318,770	348,176	233,582	900,528
EXPENSES:				
Program services	56,064	431,507	5,720	493,291
Management and general	125,016	116,501	12,144	253,661
Fundraising	27,563			27,563
Professional fees	12,896			12,896
Depreciation	8,020			8,020
Total expenses	229,559	548,008	17,864	795,431
CHANGE IN NET ASSETS	89,211	(199,832)	215,718	105,097
NET ASSETS—Beginning of year	286,729	959,921	3,334,557	4,581,207
NET ASSETS—End of year	$375,940	$ 760,089	$ 3,550,275	$4,686,304

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 2,265,056	$ 2,801,315
Contracts and grants	4,950,918	5,732,173
Payments to and on behalf of employees	(8,097,289)	(10,550,615)
Payments to suppliers	(3,874,199)	(4,362,532)
Payments to utilities	(636,655)	(834,462)
Payments for scholarships and fellowships	(1,303,530)	(2,489,913)
Loans issued to students	(94,742)	(133,712)
Collection of loans to students	118,131	237,482
Advances from federal government returned	(91,162)	
Sales and service of educational activities	1,192,687	1,418,959
Auxiliary enterprise charges	2,095,360	1,804,722
Fees assessed by the Commission for operations	(70,585)	91,704
Other receipts and payments—net	(7,124)	8,984
Net cash used in operating activities	(3,553,134)	(6,275,895)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	5,794,787	8,366,731
William D. Ford direct lending receipts	3,981,635	4,818,036
William D. Ford direct lending payments	(3,981,635)	(4,818,036)
Net cash provided by noncapital financing activities	5,794,787	8,366,731
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(802,552)	(720,481)
Debt service paid to Commission	(238,970)	(391,551)
Principal paid on notes, bonds and leases	(249,777)	(194,866)
Interest paid on notes, bonds and leases	(437,793)	(333,106)
Decrease (Increase) in noncurrent cash and cash equivalents	55,158	(535,010)
Capital projects proceeds from the Commission		380,828
Net cash used in capital financing activities	(1,673,934)	(1,794,186)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	42,145	122,340
Net cash provided by investing activities	42,145	122,340
INCREASE IN CASH AND CASH EQUIVALENTS	609,864	418,990
CASH AND CASH EQUIVALENTS—Beginning of year	3,339,434	2,920,444
CASH AND CASH EQUIVALENTS—End of year	$ 3,949,298	$ 3,339,434

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(4,728,235)	$(7,626,536)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,275,834	1,448,604
Changes in assets and liabilities:		
Accounts receivable—net	39,744	108,966
Loans to students—net	5,113	680,099
Prepaid expenses	(12,036)	(3)
Inventories	3,315	(15,788)
Accounts payable	161,098	14,589
Accrued liabilities and due to the Commission	(44,641)	(316,421)
Compensated absences	(104,532)	43,543
Deferred revenue	(57,632)	(24,569)
Advances from Federal Sponsors	(91,162)	(588,379)
NET CASH USED IN OPERATING ACTIVITIES	$(3,553,134)	$(6,275,895)
NONCASH TRANSACTIONS:		
Accretion of bond discount into bonds payable	$ 1,519	$ 1,519
Capital lease obligation and note payable incurred for equipment	$ -	$ 860,750

See notes to combined financial statements.

(Concluded)

1. ORGANIZATION

Glenville State College (the "College") is governed by the Glenville State College Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institution(s) under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the College have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis – for Public Colleges and Universities (an Amendment of GASB Statement No. 34)*. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

The College follows all GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, and has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989, to its combined financial statements.

Reporting Entity—The College is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (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 and the Commission (which includes West Virginia Network for Educational Telecomputing), form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are 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 blended 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 corporation. 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 combined 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 under GASB Statement No. 14, *The Financial Reporting Entity*.

As of July 1, 2003, the College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as an amendment to GASB Statement No. 14. As a result, the audited financial statements of The Glenville State College Foundation, Inc. (the "Foundation") are presented here with the College's financial statements for the fiscal years ended June 30, 2004 and 2003. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Note 18).

Financial Statement Presentation—During fiscal 2002, the College adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements –- and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a combined basis to focus on the College as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt*—This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

- *Restricted net assets, expendable*—This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

  The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee restrictions. For 2004, these restrictions are for auxiliaries and capital items. For 2003, these restrictions were primarily for the following: debt service; graduate or branch colleges; off campus instruction; student unions; public interest research group; libraries, library supplies, and improvement in student services; faculty improvement; health education student loan fund; health sciences education; athletic programs; student activities; auxiliary operations; and special programs. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature.

- *Restricted net assets, nonexpendable*—This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College did not have any restricted nonexpendable net assets at June 30, 2004 and 2003, respectively.

- *Unrestricted net assets*—Unrestricted net assets represent resources derived from student tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities, that provide services for students, faculty and staff.

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-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for equipment, 7 years for library books, and 3 years for furniture. The College's capitalization threshold is $1,000.

Deferred Revenue—Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenue, including items such as football ticket sales, orientation fees, room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences—The College accounts for compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. This statement requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001 or later will no longer receive sick leave credit toward insurance premiums when they retire.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage.

The estimate of the liability for the extended health or life insurance benefit has been calculated using the vesting method in accordance with the provisions of GASB Statement No. 16. Under that method, the College has identified the accrued sick leave benefit earned to date by each 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 expense incurred for the vacation leave, sick leave or extended health or life insurance benefits are recorded as a component of benefits expense on the statements of revenues, expenses and changes in net assets.

Risk Management—The State's Board of Risk and Insurance Management ("BRIM") provides general, property and casualty, and medical malpractice liability coverage to the College and its employees. Such coverage may be provided to the College by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the College or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the College is currently charged by BRIM and the ultimate cost of that insurance based on the College's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the College and the College's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

Classification of Revenues—The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- *Operating Revenues*—Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

- *Nonoperating Revenues*—Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations and investment income.

Use of Restricted Net Assets—The College has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, the College attempts to utilize restricted net assets first when practicable.

Federal Financial Assistance Programs—The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through universities like the College. Direct student loan receivables are not included in the College's balance sheets as the loans are repayable directly to the U.S. Department of Education. In 2004 and 2003, the College received and disbursed approximately $3,981,635 and $4,818,036, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net assets.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2004 and 2003, the College received and disbursed approximately $2,444,503 and $3,495,158, respectively, under these federal student aid programs.

Scholarship Allowances—Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and College Business Officers ("NACUBO"). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the combined financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was 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.

Government Grants and Contracts—Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The College recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Interest Expense—The College accounts for interest on debt as an expense of the period in which it is incurred. The College does not capitalize interest on debt or part of the cost of the asset.

Income Taxes—The College is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

Cash Flows—Any cash and cash equivalents escrowed, restricted for noncurrent assets or in funded reserves have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications—Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

Recent Statements Issued By the Government Accounting Standards Board—The GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement is effective for periods beginning after June 15, 2004. The University has not completed the process of evaluating the impact, if any, that will result from adopting GASB Statement No. 40. The statement, when adopted, could result in additional disclosure in the University's financial statements regarding custodial credit risk, concentration of credit risk, and interest rate risk related to deposits and investments.

The GASB has also issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, effective for fiscal years beginning after December 15, 2004. This statement requires the College to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred and record impaired assets and impairment losses accordingly. This statement also addresses the appropriate recording of an insurance recovery associated with events or changes in circumstances resulting in impairment of capital assets. The College has not yet determined the effect that the adoption of GASB Statement No. 42 may have on the financial statements.

The GASB has also issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after December 15, 2006. This statement provides standards for the measurement, recognition and display of other postemployment benefit expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. The College has not yet determined the effect that the adoption of GASB Statement No. 45 may have on the financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30, 2004 and 2003:

	2004		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer	$3,196,426	$ 892,806	$4,089,232
Cash in bank	752,872	176,614	929,486
	$3,949,298	$1,069,420	$5,018,718

	2003		
	Current	Noncurrent	Total
Cash on deposit with the State Treasurer	$2,617,516	$ 951,720	$3,569,236
Cash in bank	721,918	172,858	894,776
	$3,339,434	$1,124,578	$4,464,012

Cash held by the State Treasurer includes $2,479,277 and $2,337,416 of restricted cash for student housing, student activities, faculty improvement and federal grants among others as of June 30, 2004 and 2003, respectively.

The combined carrying amounts of cash in the bank at June 30, 2004 and 2003 were $929,486 and $894,776, respectively, as compared with the combined bank balance of $977,482 and $919,509. The difference is primarily caused by items in transit. The bank balances were covered by federal depository insurance or were collateralized by securities held by the State's agent.

Cash on deposit with the Treasurer is a noncategorized deposit in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Receivable Agreements), and Reverse Repurchase Agreements.*

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2004 and 2003:

	2004	2003
Student tuition and fees, net of allowance for		
doubtful accounts of $511,821 and $438,347, respectively	$ 92,414	$152,110
Due from the Commission	1,932	3,159
Due from other State agencies	38,340	26,038
Other accounts receivable—net of allowance		
for doubtful accounts of $1,070 and $1,070, respectively	39,764	30,887
	$172,450	$212,194

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2004 and 2003:

	2004				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 462,913				$ 462,913
Construction In Progress		$ 281,299			281,299
Total capital assets not being depreciated	$ 462,913	$ 281,299			$ 744,212
Other capital assets:					
Land improvements	$ 1,943,169	$ 43,023			$ 1,986,192
Infrastructure	1,371,697	22,937		$ (22,937)	1,371,697
Buildings	25,816,482	105,898		(55,351)	25,867,029
Equipment	5,290,687	280,029	$ (16,216)	(329,452)	5,225,048
Library books	1,386,730	119,367	(1,262)		1,504,835
Total other capital assets	35,808,765	571,254	(17,478)	(407,740)	35,954,801
Less accumulated depreciation for:					
Land improvements	541,246	67,081			608,327
Infrastructure	783,969	96,070			880,039
Buildings	13,645,118	530,003		(856)	14,174,265
Equipment	2,981,952	500,531	(16,216)	(163,242)	3,303,025
Library books	1,207,972	82,149	(1,262)		1,288,859
Total accumulated depreciation	19,160,257	1,275,834	(17,478)	(164,098)	20,254,515
Other capital assets—net	$16,648,508	$ (704,580)	$ -	$ (243,642)	$15,700,286
Capital asset summary:					
Capital assets not being depreciated	$ 462,913	$ 281,299			$ 744,212
Other capital assets	35,808,765	571,254	$ (17,478)	$ (407,740)	35,954,801
Total cost of capital assets	36,271,678	852,553	(17,478)	(407,740)	36,699,013
Less accumulated depreciation	19,160,257	1,275,834	(17,478)	(164,098)	20,254,515
Capital assets—net	$17,111,421	$ (423,281)	$ -	$ (243,642)	$16,444,498

	2003				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 462,913				$ 462,913
Total capital assets not being depreciated	$ 462,913				$ 462,913
Other capital assets:					
Land improvements	$ 1,299,965	$ 43,204		$ 600,000	$ 1,943,169
Infrastructure	1,346,103	25,594			1,371,697
Buildings	25,477,169	339,313			25,816,482
Equipment	4,865,007	1,141,573	$(115,893)	(600,000)	5,290,687
Library books	1,487,512	31,442	(132,224)		1,386,730
Total other capital assets	34,475,756	1,581,126	(248,117)	-	35,808,765
Less accumulated depreciation for:					
Land improvements	441,092	63,656	(105)	36,603	541,246
Infrastructure	687,739	96,230			783,969
Buildings	13,030,801	614,317			13,645,118
Equipment	2,502,461	631,987	(115,893)	(36,603)	2,981,952
Library books	1,297,782	42,414	(132,224)		1,207,972
Total accumulated depreciation	17,959,875	1,448,604	(248,222)	-	19,160,257
Other capital assets—net	$16,515,881	$ 132,522	$ 105	$ -	$16,648,508
Capital asset summary:					
Capital assets not being depreciated	$ 462,913				$ 462,913
Other capital assets	34,475,756	$1,581,126	$(248,117)		35,808,765
Total cost of capital assets	34,938,669	1,581,126	(248,117)	-	36,271,678
Less accumulated depreciation	17,959,875	1,448,604	(248,222)		19,160,257
Capital assets—net	$16,978,794	$ 132,522	$ 105	$ -	$17,111,421

The College maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures and literature that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not capitalized or recognized for financial statement purposes.

Title for all real property has been transferred from the Higher Education Policy Commission to the Glenville State College Board of Governors.

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30, 2004 and 2003:

	2004				
	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 $176,614 at June 30, 2004	$ 4,878,603	$ 1,519	$ 75,000	$ 4,805,122	$ 80,000
Capital lease obligations	1,016,489		167,538	848,951	167,131
Note payable	86,891		7,239	79,652	7,377
Commission Debt Payable	2,657,205	16,177	255,147	2,418,235	170,520
Total bonds, capital leases, and note payable	8,639,188	17,696	504,924	8,151,960	425,028
Other liabilities:					
Accrued compensated absences	1,543,748	324,852	429,383	1,439,217	334,486
Advances from Federal Sponsors	100,078	8,916	100,078	8,916	8,916
Total noncurrent liabilities	$ 10,283,014	$ 351,464	$ 1,034,385	$ 9,600,093	$ 768,430

	2003				
	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
Capital lease obligations	352,496	781,750	117,757	1,016,489	161,255
Note payable	15,000	79,000	7,109	86,891	7,239
Commission Debt Payable	2,868,593		211,388	2,657,205	220,730
Total bonds, capital leases, and note payable	8,183,173	862,269	406,254	8,639,188	464,224
Other liabilities:					
Accrued compensated absences	1,500,205	227,080	183,537	1,543,748	361,239
Advances from Federal Sponsors	688,457		588,379	100,078	100,078
Total noncurrent liabilities	$10,371,835	$1,089,349	$1,178,170	$10,283,014	$925,541

7. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2004 and 2003:

	Interest Rate	Annual Principal Installment Due	2004 Principal Amount Outstanding	2003 Principal Amount Outstanding
Student Housing Bonds:				
Series 2000 A, mature various dates				
through October 1, 2030	5.0% to 6.2%	Various	$4,845,000	$4,920,000
Less: Discount			39,878	41,397
Total bonds payable			$4,805,122	$4,878,603

The following is a schedule by year of future annual minimum payments required under the Series 2000 A bonds existing at June 30, 2004:

Year Ending June 30	Principal	Interest	Total
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	95,000	271,448	366,448
2010 - 2014	570,000	1,266,912	1,836,912
2015 - 2019	760,000	1,069,927	1,829,927
2020 - 2024	1,020,000	801,663	1,821,663
2025 - 2029	1,380,000	434,364	1,814,364
2030 and Thereafter	680,000	42,780	722,780
Total	$4,845,000	$5,020,033	$ 9,865,033

8. 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 payments required under the lease obligations existing at June 30, 2004:

Year Ending June 30	Principal	Interest	Total
2005	$167,131	$30,102	$ 197,233
2006	173,794	23,439	197,233
2007	180,727	16,506	197,233
2008	160,630	9,661	170,291
2009	124,510	3,757	128,267
Thereafter	42,160	381	42,541
			932,798
Less interest			83,846
			$ 848,952

The net book value of leased assets was $975,015 as of June 30, 2004.

9. NOTE PAYABLE

Note payable consisted of the following at June 30, 2004 and 2003:

	Interest Rate	Annual Principal Installment Due	2004 Principal Amount Outstanding	2003 Principal Amount Outstanding
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	$5,000	$10,000
$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	74,652	76,891
Total Note Payable			$79,652	$86,891

The following is a schedule by year of future annual minimum payments required under the note existing at June 30, 2004:

Year Ending June 30	Principal	Interest	Total
2005	$ 7,377	$ 4,815	$ 12,192
2006	2,524	4,268	6,792
2007	69,751	4,112	73,863
Total			92,847
Less portion representing interest			(13,195)
			$ 79,652

10. COMPENSATED ABSENCES LIABILITY

The composition of the compensated absences liability was as follows at June 30, 2004 and 2003:

	2004	2003
Health or life insurance benefits	$1,045,479	$1,101,262
Accrued vacation leave	393,738	442,486
	$1,439,217	$1,543,748

For the years ended June 30, 2004 and 2003, the amount paid by the College for extended health or life insurance coverage retirement benefits totaled $73,774 and $61,140, respectively. As of June 30, 2004 and 2003, there were 33 and 26 retirees currently eligible for these benefits.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The College is a State institution of higher education, and the College receives a State appropriation to finance its operations. In addition, it is subject to the legislative and administrative mandates of 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 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. During 2004 and 2003, the College paid

$255,147 and $211,388, respectively, to the Commission against the debt obligation. The amount due to Commission at June 30, 2004 and 2003 was $2,418,235 and $2,657,205 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 Retirement Equities Fund (the "TIAA-CREF"). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2004, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

The STRS is a cost sharing, defined benefit public employee retirement system. Employer and employee contribution rates are established annually by the State Legislature. The College accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for the year ended June 30, 2004 and 2003, respectively. Required employee contributions were at the rate of 6% of total annual salary for the years ended June 30, 2004 and 2003, respectively. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest 5 years' salaries out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2004, 2003 and 2002, were $414,412, $483,765 and $511,808, respectively, which consisted of $296,008, $345,544 and $365,575 from the College in 2004, 2003 and 2002, respectively, and $118,404, $138,221 and $146,233 from the covered employees in 2004, 2003 and 2002, respectively.

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.

The TIAA-CREF is a defined contribution benefit plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The College matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which are not matched by the College.

Total contributions to the TIAA-CREF for the years ended June 30, 2004, 2003 and 2002, were $455,858, $609,722 and $592,546, respectively, which consisted of equal contributions from the College and covered employees in 2004, 2003 and 2002 of $227,929, $304,861 and $296,273, respectively.

The College's total payroll for the years ended June 30, 2004 and 2003 was $6,083,116 and $7,871,238; total covered employees' salaries in the STRS and TIAA-CREF were $1,973,386 and $3,782,817 in 2004, respectively, $2,303,619 and $5,070,543 in 2003, respectively.

13. 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 financial statements of this organization are not included in the College's accompanying combined financial statements under GASB Statement No. 14, and they are not included in the College's accompanying combined financial statements under GASB Statement No. 39 because they are not significant.

14. 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.

15. 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 transferred equipment, infrastructure and buildings with net book values of $166,210, $22,937 and $54,495 respectively, to New River Community and Technical College of Bluefield State College on July 1, 2003. CTC revenues and expenses for the year ended June 30, 2003 were $4,977,950 and $4,958,864, respectively.

16. SEGMENT INFORMATION (UNAUDITED)

The College issued revenue bonds to finance certain of its auxiliary enterprise activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

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

In September 2001, the Corporation sold $4,990,000 of Revenue Bonds, 2000 Housing Facilities Series A Bonds (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of September 27, 2001, by and between the Interim Governing Board and United National Bank, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to pay all or part of the cost of constructing ten two-story apartment buildings, each containing four four-bedroom units to be used as student housing and (2) paying a portion of the cost of issuing the bonds.

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

Glenville State College Housing Corporation

Condensed Statement of Net Assets (Unaudited)	2004	2003
Assets:		
Current assets	$ 338,029	$ 318,861
Capital assets	5,986,349	6,087,141
Total assets	$6,324,378	$6,406,002
Liabilities:		
Bond indebtedness	$4,805,122	$4,878,603
Other note	79,652	86,891
Total liabilities	4,884,774	4,965,494
Net Assets:		
Invested in capital assets—net of related debt	1,101,575	1,121,647
Restricted:		
Debt service	176,614	180,096
Unrestricted	161,415	138,765
Total net assets and liabilities	$6,324,378	$6,406,002

Condensed Statement of Revenues, Expenses and Changes in Net Assets (Unaudited)	2004	2003
Operating:		
Operating revenues	$ 488,723	$ 482,755
Operating expenses	(188,207)	(211,948)
Net operating income	300,516	270,807
Nonoperating:		
Nonoperating revenues	1,338	2,217
Nonoperating expenses	(302,758)	(306,969)
Changes in net assets	(904)	(33,945)
Net assets—beginning of year	1,440,508	1,474,453
Net assets—end of year	$1,439,604	$1,440,508

Condensed Statement of Cash Flows (Unaudited)	2004	2003
Net cash provided by operating activities	$ 411,036	$ 384,045
Net cash used by capital and related financing	(391,869)	(425,342)
Net decrease in cash	19,167	(41,297)
Cash and cash equivalents—beginning of year	318,862	360,159
Cash and cash equivalents—end of year	$ 338,029	$ 318,862

17. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2004 and 2003, the following table represents operating expenses within both natural and functional classifications:

2004

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$2,889,376	$ 758,671	$ 302,678	$	$	$	$	$	$ 3,950,725
Academic support	468,516	130,403	286,020						884,939
Student services	706,642	228,052	311,532						1,246,226
General institutional support	908,274	233,388	454,505						1,596,167
Operations and maintenance of plant	466,023	224,496	826,235	319,111					1,835,865
Student financial aid					2,015,424				2,015,424
Auxiliary enterprises	719,465	193,949	1,892,667	321,445					3,127,526
Depreciation						1,275,834			1,275,834
Fees assessed by the Commission for operations								70,585	70,585
Other							1,192		1,192
Total	$6,158,296	$1,768,959	$4,073,637	$640,556	$2,015,424	$1,275,834	$1,192	$70,585	$16,004,483

2003

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellow ships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
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							76,884		76,884
Total	$8,228,874	$2,276,266	$4,327,837	$844,972	$2,596,177	$1,448,604	$76,884	$91,704	$19,891,318

18. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia 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. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB Statement No. 39. Based on the Foundation's audited financial statements as of June 30, 2004 and 2003, the Foundation's net assets (including unrealized gains) totaled $5,045,579 and $4,686,304, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2004 and 2003, the Foundation contributed $235,160 and $210,905, respectively, to the College for scholarships.

The following notes on pages 40 – 43 are taken directly from the Foundation's audited financial statements.

19. SUBSEQUENT EVENT

On August 31, 2004, the West Virginia Higher Education Policy Commission issued $167,260,000 of 2004 Series B Revenue Bonds (Higher Education Facilities). Glenville State College will receive $5,000,000 of the bond proceeds for the renovation of the Science and Math building.

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

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, 2004 and have issued our report thereon dated September 24, 2004, which contains a consistency paragraph for the adoption of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and states reliance on other auditors for the discretely presented component unit. 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.

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 an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

HAYFLICH & STEINBERG
September 24, 2004