GLENVILLE STATE COLLEGE

Glenville, West Virginia

Combined Financial Statements and
Additional Information for the Years
Ended June 30, 2008 and 2007 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 years ended June 30, 2008 and 2007, which collectively comprise the College's basic financial statements as listed in the table of contents. These combined financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these combined financial statements based on our audits. 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 2008 and 2007 amounts included for Glenville State College Foundation, Inc. is based on the report of the other auditors.

We conducted our audits 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 *Governmental 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits 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, 2008 and 2007, and the respective changes in net assets and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, during the year ended June 30, 2008, the College adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, 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 audits.

The management's discussion and analysis on pages 3 through 11 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.

Hayflich & Steinberg, CPA's, PLLC

November 20, 2008

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management's Discussion and Analysis
Fiscal Years 2008, 2007, and 2006

About Glenville State College

Glenville State College, West Virginia's only centrally located public college, was founded in 1872 to provide instruction and practice for common school teachers in the science of education and the art of teachers. In the early years, Glenville Normal was obliged to devote resources almost exclusively to secondary studies because of the absence of high schools in the area. Later, as high schools became more numerous, secondary offerings were gradually reduced and more college courses were developed. On May 1, 1930, the State Board of Education authorized the school to award the Bachelor of Arts in Education Degree, and on March 4, 1931, the Legislature changed the school's name to Glenville State Teachers College. Often referred to as the Lighthouse on the Hill, the name of the school was changed to Glenville State College in 1943.

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,400 students, the College has a student to faculty ratio of 19 to 1. The College's enrollment is made up of many first generation students with approximately 90% of the students coming from West Virginia counties.

Glenville State College is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. The College holds unit accreditation from the National Council for Accreditation of Teacher Education and recognition from the Society of American Foresters. Glenville State College is in the West Virginia Higher Education System and is governed by a local twelve member Board of Governors.

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 2008 and 2007. The following management discussion and analysis provides an overview of the financial position and activities of the College for the years ended June 30, 2008, 2007, and 2006.

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

While current and non-current assets have declined, net capital and total assets have increased. Operating, net operating and total revenues each increased. Current liabilities decreased but non-current liabilities increased as a result of the $4,125,000 in bonds issued for the completion of the science building renovation. The College continued to receive funding from three major operational and research grants. The College received $127,046 from the third year of the TRIO grant, while the second year of the Department of Justice and NASA grants brought in $230,610 and $708,187 respectively.

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, 2008, 2007 and 2006

Assets:	2008	2007	2006	% Change
Current assets	$ 4,880,255	$ 5,039,991	$ 4,386,776	(3.17%)
Non-current assets	2,259,990	2,631,825	648,413	(14.13%)
Capital assets, net	33,585,919	30,258,476	24,119,905	11.00%
Total Assets	$40,726,164	$ 37,930,292	$ 29,155,094	7.37%
Liabilities				
Current Liabilities	$ 2,402,605	$ 2,812,057	$ 2,052,433	(14.56%)
Non-current Liabilities	11,815,108	9,326,189	8,346,471	26.69%
Total Liabilities	$ 14,217,713	$ 12,138,246	$ 10,398,904	17.13%

Net Assets (Deficit)				
Invested in capital assets, net of related debt	$ 21,327,637	$ 21,437,199	$ 16,378,349	(0.51%)
Restricted – expendable	2,465,019	2,823,457	1,142,183	(12.70%)
Unrestricted	2,715,795	1,531,390	1,235,658	77.34%
Total Net Assets	$ 26,508,451	$ 25,792,046	$ 18,756,190	2.78%
Total Liabilities and Net Assets	$ 40,726,164	$ 37,930,292	$ 29,155,094	7.37%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was 2.0, 1.8, and 2.1 as of June 30, 2008, 2007 and 2006, respectively. These indicate that the College has sufficient available resources to meet its current obligations.

Significant Changes in Net Assets

At June 30, 2008, the College's total net assets increased from the previous year by $716,405. Current cash and cash equivalents increased by $200,328.

Non-current assets, consisting of non-current cash and cash equivalents, and deferred financing costs decreased by $371,835. This was largely a result of the expenditure of funds for the completion of capital projects underway at the beginning of the fiscal year.

Net capital assets increased approximately $3,327,443 due primarily to the completion of the renovation of the science building. Principal on the Pioneer Village bonds, Mollohan Campus Community Center bonds, Science Building bonds, capital loan from the HEPC, and system-wide debt assigned by the HEPC were reduced $90,000, $49,634, $73,389, $75,000, and $172,692 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.

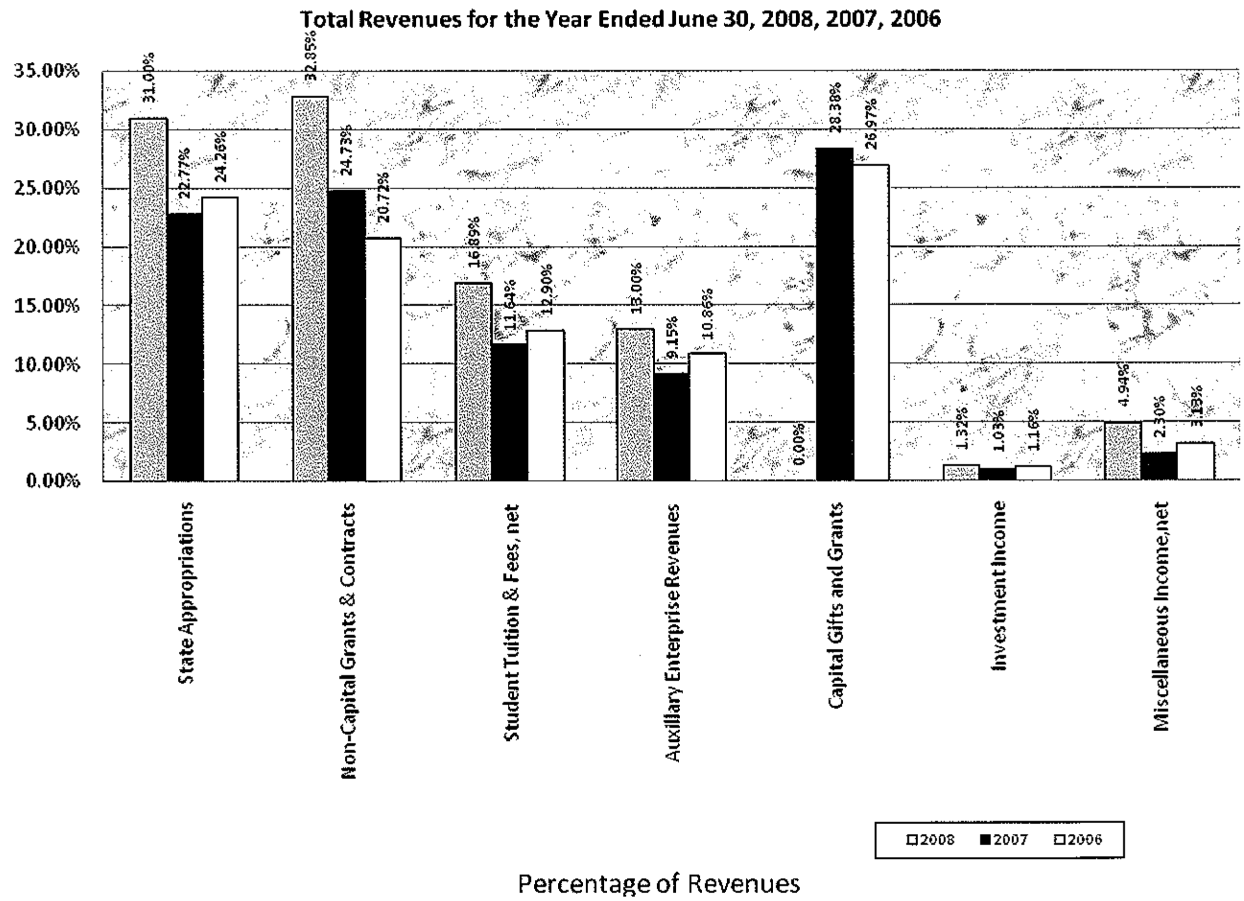
Combined Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2008, 2007, and 2006

	2008	2007	2006	% Change
Operating revenues	$ 13,310,403	$ 11,502,013	$ 10,624,879	15.72%
Operating expenses	19,741,806	16,570,618	16,248,134	19.14 %
Operating loss	(6,431,403)	(5,068,605)	(5,623,255)	26.89%
Non-operating Revenues	6,652,825	5,724,572	5,672,534	16.22%
Non-operating Expenses	565,350	447,391	426,812	26.37%
Net Non-operating revenues	6,087,475	5,277,181	5,245,722	15.35 %
Income (loss) before other revenues, expenses, gains or losses	(343,928)	208,576	(377,533)	(264.89 %)
Capital Projects Proceeds		6,867,656	6,017,582	(100.00%)
Transfer from Commission		(40,376)		100.00%
Net Effect of Change In Accounting Principal	1,060,333			%
Increase in net assets	716,405	7,035,856	5,640,049	(89.82)%
Net assets, beginning of year	25,792,046	18,756,190	13,116,141	37.51%
Net assets, end of year	$ 26,508,451	$ 25,792,046	$ 18,756,190	2.78 %

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

Revenues:

	2008	2007	2006	% Change
Program revenues (by major source)				
Tuition & fees before allowances	$ 5,257,743	$ 4,541,550	$ 4,505,631	13.62 %
Less: scholarship discounts & allowances	(1,935,524)	(1,740,621)	(1,627,145)	(11.20)%
Research grants & contracts	6,459,975	5,946,579	4,623,296	8.63%
Auxiliary enterprise sales & services, net	2,556,188	2,200,357	2,423,494	16.17 %
Miscellaneous	972,021	554,148	699,603	75.41 %
General revenues (by major source)				
State appropriations	6,095,707	5,475,753	5,413,712	11.32%
Payments on behalf of College	296,816			%
Investment income	260,302	248,819	258,822	4.62%
Capital grants and gifts		6,827,280	6,017,582	(100.00%)
Total Revenues	$ 19,963,228	$ 24,053,865	$ 22,314,995	(17.01)%



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 24.96% of the College's operating revenues and 16.64% 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 7.52% and 7.49%, respectively.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, interest on loans receivable, and miscellaneous revenues comprised 50.03%, 64.56%, and 61.68% of the College's total revenues in FY 2008, FY 2007 and FY 2006, respectively. FY 2008 grant awards included receipts of $127,046 from the US Department of Education for the second year of the TRIO grant program, $708,187 from NASA for the first year of a $3,700,000 program grant to promote the STEM initiatives, $230,610 from the US Department of Justice as part of a $716,661 Criminal Justice program grant, $1,635,984 in West Virginia Higher Education scholarship programs, and $60,000 in private gifts to fund a faculty and a staff position.

- State appropriated general revenue funds in the amount of $6,095,707 accounted for 30.53% of total revenues in FY 2008 compared to 22.77% in FY2007 and 24.26% in FY 2006. These appropriations are used to pay salaries and benefits in support of the operations of the College.

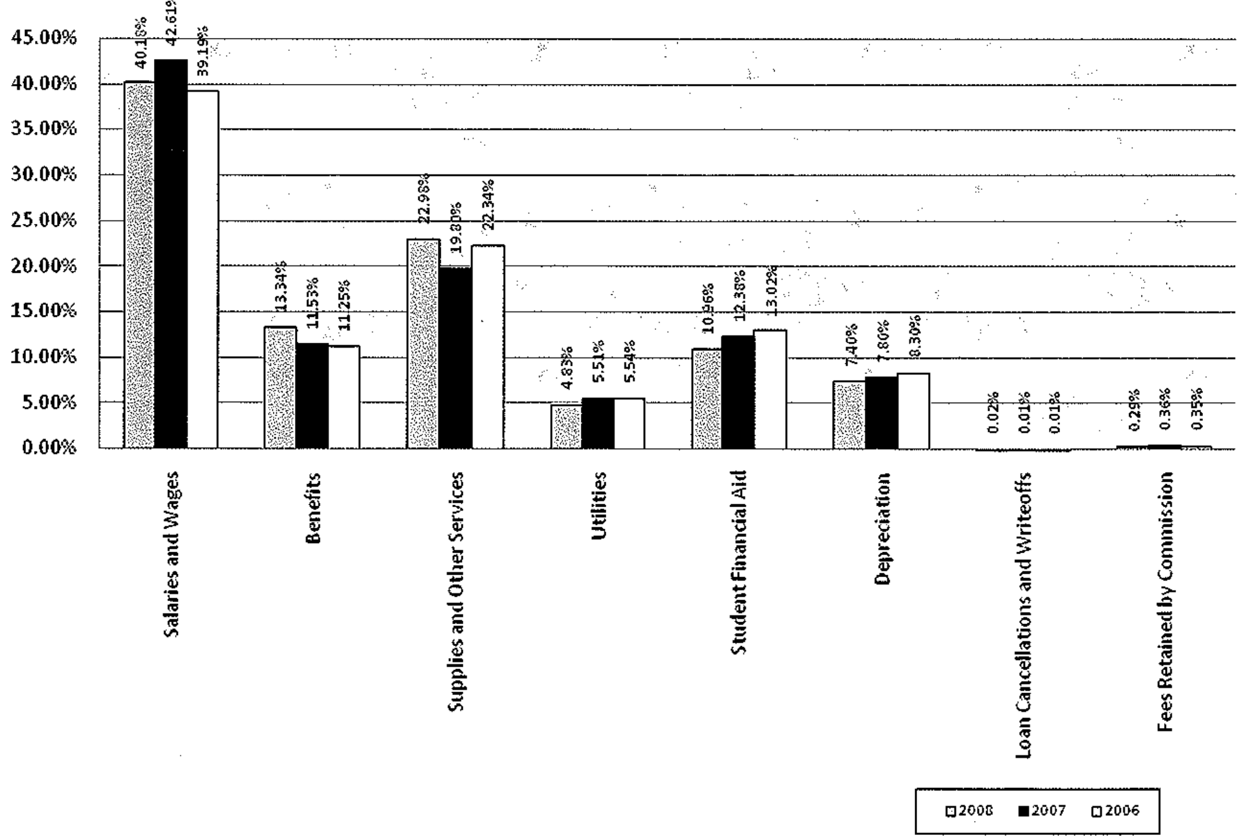
- Investment income increased by $11,483 or 4.62%from FY2007 to FY2008. This revenue source made up 1.30%of total revenues in FY 2008 compared to 1.03% in FY2007 and 1.16% in FY 2006. The College participates in the investment pool managed by the State.

Operating and Non-operating Expenses:

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

	2008	2007	2006	% Change
Salaries and wages	$ 7,930,727	$ 7,059,474	$ 6,368,013	12.34%
Benefits	2,633,473	1,910,702	1,827,273	37.83%
Supplies and other services	4,537,140	3,281,796	3,630,326	38.28%
Utilities	953,763	913,480	899,998	4.41 %
Student financial aid, scholarships and fellowships	2,163,152	2,051,297	2,115,656	5.45 %
Depreciation	1,461,702	1,292,509	1,348,842	13.09 %
Loan cancellations and write-offs	4,764	1,176	1,855	305.10 %
Fees retained by Commission for operations	57,085	60,184	56,171	(5.15)%
Total Operating Expenses	$ 19,741,806	$ 16,570,618	$ 16,248,134	19.14%

Total Operating Expenses for the Years Ended June 30, 2008, 2007, 2006



Percentage of Expenses

- Salaries and wages, and employee benefits made up approximately 40.17% of the operating expenses of the College in FY 2008 compared to 54.14% in FY2007, and 50.44% FY 2006.

- Utility costs in FY 2008 were $953,763, an increase of 4.41%from FY 2007 and an increase of 5.97%from FY 2006. These costs represented 4.83% of the FY2008 operating expenses compared to 5.51% in FY2007 and 5.54% in FY 2006.

- Scholarship and fellowship expenses increased $111,855 or 5.45% from FY 2007, and 2.24% from FY2006. They represented 10.96%, 12.38% and 13.02% of the total operating expenses in FY 2008, FY 2007, and FY 2006, respectively.

Non-operating expenses consisted primarily of interest on indebtedness $550,089, fees assessed by the HEPC for system-wide debt service $10,676, $1,519 in bond discount expense, and $3,066 in bank financing costs.

Combined Statements of Cash Flows

The Combined Statements of Cash Flows presents detailed information about the cash activities of the College during the year. These statements assist the users in analyzing the College's ability to generate net cash flows, meet obligations as they come due, and determining 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 operating loss to net cash used in operating activities*. 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, 2008, 2007, and 2006

	2008	2007	2006	% Change
Cash provided by (used in):				
Operating activities	$ (4,623,908)	$ (3,152,867)	$ (4,108,480)	(46.12%)
Non capital financing activities	6,095,707	6,053,572	5,413,712	0.70 %
Capital financing activities	(1,538,336)	(2,295,039)	(2,136,300)	(32.24 %)
Investing activities	266,865	246,184	212,351	8.40 %
Increase (decrease) in cash and cash equivalents	200,328	851,850	(618,717)	(76.48 %)
Cash and cash equivalents, beginning of year	4,293,201	3,441,351	4,060,068	24.75 %
Cash and cash equivalents, end of year	$ 4,493,529	$ 4,293,201	$ 3,441,351	4.67 %

Capital Asset and Debt Administration

The College had capital asset additions of $4,719,114, $10,466,461, and $7,999,436 for the years ended June 30, 2008, 2007, and 2006, respectively. The FY2007 additions were funded by federal grants, capital project proceeds from the Higher Education Policy Commission, and capital financing proceeds.

- In FY2008, the College completed the renovation of the Science Hall. The College was allocated $5,000,000 from State Lottery Bond revenues for this project. In December 2007, the College issued Student Fee Revenue Bonds in the amount of $4,125,000 through United Bank for the additional funding needed to complete the project. The total cost of the renovation project was $9,107,979.

Economic Outlook

The management of Glenville State College is optimistically enthusiastic about the economic forecast for the College. Student numbers are up, revenues are increasing, and capital asset growth continues.

The College began to experience the results of expanded recruiting and retention efforts with increased numbers in out-of-state students and total student enrollment for the Fall 2008 semester. Credit for these increases is given to the Hidden Promise program and the approved Metro Fee. The College is working diligently with the Hidden Promise Consortium to significantly increase dual credit offerings and develop degree completion programs for non-traditional students. In addition, the College will be entering into an articulation agreement with the Regional Jail Authority to provide degree completion using non-traditional methods of delivery.

The Hidden Promise Consortium has hired a math coordinator to work with K-12 math faculty to align curriculum and develop suitable diagnostic instruments for 5th grade evaluations. Summer camps are hosted by the College for each of grades 8-12. Public engagement activities are planned for each of the thirteen counties in the Consortium. There are currently 28 Hidden Promise scholars enrolled at Glenville State College.

The new residential housing sub-division, aimed at addressing the local housing market, increasing enrollment at Glenville State College, and promoting economic development in the area has made visible strides at meeting its objectives. The infrastructure has been completed and there have been five homes and properties sold. An Open House is scheduled for November 2008.

The College continues to have discussions with a health provider to build and maintain a multifunctional health facility that is operational twenty-four hours per day and seven days per week. This initiative will not only address the immediate need for enhanced health care but will support GSC's existing nursing program and identify and support the development of related programs to prepare students for work in the growing health care industry. The objective of this initiative is to improve the overall health and wellness of the local community, central West Virginia, and the State as a whole.

The Capital Campaign has been jump started in the initial silent phase with pledges exceeding $6 million. The official kick-off date is scheduled for November 15, 2008 with an overall goal of raising $12 million.

Funding from three major operational and research grants (TRIO, Department of Justice, and NASA) will continue in FY2009. In addition, the College has been awarded two new grants from the Department of Justice for expanding the Criminal Justice program and the development and delivery of degree completion programs at FCI-Gilmer.

An articulation agreement has been entered into between the College and the Department of Military Affairs and Public Safety. Glenville State College is now the training site for the Regional Jail Authority and Juvenile Services. The Division of Corrections plans to move their training facilities to Glenville upon renovation of a local factory which has been vacant for several years. In conjunction with these entities, students in the corrections track of the GSC criminal justice program will have the opportunity to complete corrections training generally available only to practitioners. Through a new grant from the Department of Justice, the College will build upon the existing articulation agreement to provide degree completion opportunities.

In conclusion, the Glenville State College Board of Governors, the College's administration, and the extended College community are very optimistic about the financial outlook of the College.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,493,529	$ 4,293,201
Accounts receivable—net	299,281	676,622
Deferred Financing Costs, current portion - net	1,067	
Loans to students—current portion	1,027	9,702
Prepaid expenses		7,001
Inventories	85,351	53,465
Total current assets	4,880,255	5,039,991
NONCURRENT ASSETS:		
Cash and cash equivalents	2,230,123	2,631,825
Deferred Financing Costs - net	29,867	
Capital assets—net	33,585,919	30,258,476
Total noncurrent assets	35,845,909	32,890,301
TOTAL ASSETS	$ 40,726,164	$ 37,930,292

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007

LIABILITIES AND NET ASSETS	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$ 464,217	$ 961,485
Accrued liabilities	848,948	843,092
Due to the Commission	3,386	2,472
Compensated absences—current portion	268,416	290,668
Deferred revenue	89,779	102,673
Note payable—current portion	147,962	77,859
Capital lease obligations—current portion	191,324	223,001
Bonds payable—current portion	211,092	138,115
Higher Education Policy Commission Debt Payable—current portion	177,481	172,692
Total current liabilities	2,402,605	2,812,057
NONCURRENT LIABILITIES (Note 6)	11,815,108	9,326,189
Total liabilities	14,217,713	12,138,246
NET ASSETS:		
Invested in capital assets—net of related debt	21,327,637	21,437,199
Restricted for:		
Expendable:		
Scholarships		1,652
Loans	56,756	62,400
Capital projects	1,169,580	1,533,388
Debt service	805,982	732,456
Other	432,701	493,561
Unrestricted	2,715,795	1,531,390
Total net assets	26,508,451	25,792,046
TOTAL LIABILITIES AND NET ASSETS	$ 40,726,164	$ 37,930,292

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, 2008 AND 2007

ASSETS	2008	2007
ASSETS:		
Cash	$ 68,430	$ 66,827
Investments	6,717,191	5,071,638
Unconditional promises to give—net of allowance for uncollectible promises of $0 and $0	710,374	682,181
Other current assets	83,090	67,071
Investment in capital assets	37,108	47,046
Land and other assets held for investment	703,914	203,915
TOTAL ASSETS	$ 8,320,107	$ 6,138,678

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	$ 14,187	$ 13,923
Notes Payable - current portion	7,130	6,754
Total current liabilities	21,317	20,677
NONCURRENT LIABILITIES	24,859	31,331
Total liabilities	46,176	52,008
NET ASSETS:		
Unrestricted	861,523	378,487
Temporarily restricted	174,739	1,110,637
Permanently restricted	7,237,669	4,597,546
Total net assets	8,273,931	6,086,670
TOTAL LIABILITIES AND NET ASSETS	$ 8,320,107	$ 6,138,678

See notes to combined financial statements.

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $1,935,524 and $1,740,621)	$ 3,322,219	$ 2,800,929
Contracts and grants:		
Federal	3,632,811	3,121,276
State	1,874,860	1,802,512
Private	952,304	1,022,791
Interest on student loans receivable		17
Sales and services of educational activities	829,023	426,504
Auxiliary enterprise revenue (net of scholarship allowance of $1,253,761 and $1,152,573)	2,556,188	2,200,357
Miscellaneous—net	142,998	127,627
Total operating revenues	13,310,403	11,502,013
OPERATING EXPENSES:		
Salaries and wages	7,930,727	7,059,474
Benefits	2,633,473	1,910,702
Supplies and other services	4,537,140	3,281,796
Utilities	953,763	913,480
Student financial aid—scholarships and fellowships	2,163,152	2,051,297
Depreciation	1,461,702	1,292,509
Loan cancellations and write-offs	4,764	1,176
Fees assessed by the Commission for operations	57,085	60,184
Total operating expenses	19,741,806	16,570,618
OPERATING LOSS	(6,431,403)	(5,068,605)

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 6,095,707	$ 5,475,753
Payment on behalf of Glenville State College	296,816	
Investment income	260,302	248,819
Interest on indebtedness	(550,089)	(436,905)
Fees assessed by the Commission for debt service	(10,676)	(10,486)
Other non-operating expenses	(4,585)	
Net nonoperating revenues	6,087,475	5,277,181
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(343,928)	208,576
CAPITAL PROJECTS PROCEEDS FROM THE COMMISSION		4,689,656
CAPITAL GRANTS AND GIFTS		2,178,000
TRANSFER OF LIABILITY FROM THE COMMISSION		(40,376)
INCREASE (DECREASE) IN NET ASSETS BEFORE CUMULATIVE EFFECT (NOTE 2)	(343,928)	7,035,856
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE	1,060,333	
INCREASE (DECREASE) IN NET ASSETS	716,405	7,035,856
NET ASSETS—Beginning of year	25,792,046	18,756,190
NET ASSETS—End of year	$ 26,508,451	$ 25,792,046

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, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$ 581,122	$ 496,428	$ 2,640,897	$ 3,718,447
Administration fee	151,414			151,414
Investment income	16,405	(416,976)	(545)	(401,116)
Total revenues, gain and other support	748,941	79,452	2,640,352	3,468,745
EXPENSES:				
Program services	76,503	864,165		940,668
Management and general	148,793	151,185	229	300,207
Fundraising	11,166			11,166
Professional fees	19,505			19,505
Depreciation	9,938			9,938
Total expenses	265,905	1,015,350	229	1,281,484
CHANGE IN NET ASSETS	483,036	(935,898)	2,640,123	2,187,261
NET ASSETS—Beginning of year	378,487	1,110,637	4,597,546	6,086,670
NET ASSETS—End of year	$ 861,523	$ 174,739	$ 7,237,669	$ 8,273,931

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, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$ 142,272	$ 580,993	$ 187,294	$ 910,559
Administration fee	136,098			136,098
Investment income	137,411	485,509	855	623,775
Total revenues, gain and other support	415,781	1,066,502	188,149	1,670,432
EXPENSES:				
Program services	68,457	885,248		953,705
Management and general	165,574	135,825	273	301,672
Fundraising	15,960			15,960
Professional fees	17,010			17,010
Depreciation	1,926			1,926
Total expenses	268,927	1,021,073	273	1,290,273
CHANGE IN NET ASSETS	146,854	45,429	187,876	380,159
NET ASSETS—Beginning of year	231,633	1,065,208	4,409,670	5,706,511
NET ASSETS—End of year	$ 378,487	$ 1,110,637	$ 4,597,546	$ 6,086,670

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 3,299,607	$ 4,412,905
Contracts and grants	6,334,292	5,733,805
Payments to and on behalf of employees	(9,966,572)	(9,047,369)
Payments to suppliers	(4,556,968)	(2,628,217)
Payments to utilities	(953,639)	(921,733)
Payments for scholarships and fellowships	(2,153,819)	(4,358,939)
Loans issued to students	(54,457)	(137,971)
Collection of loans to students	58,307	138,118
Sales and service of educational activities	905,121	310,751
Auxiliary enterprise charges	2,521,305	3,404,592
Fees assessed by the Commission for operations	(57,085)	(60,184)
Other receipts and payments—net		1,375
Net cash used in operating activities	(4,623,908)	(3,152,867)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,095,707	6,053,572
William D. Ford direct lending receipts	4,585,230	4,043,757
William D. Ford direct lending payments	(4,585,230)	(4,043,757)
Net cash provided by noncapital financing activities	6,095,707	6,053,572
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(4,895,913)	(7,315,035)
Debt service paid to Commission	(252,882)	(258,274)
Non-operating fees retained by the Commission	(10,676)	(10,486)
Principal paid on notes, bonds and leases	(531,212)	(410,453)
Interest paid on notes, bonds and leases	(632,697)	(342,243)
Decrease (Increase) in noncurrent cash and cash equivalents	401,702	(1,983,412)
Bond Loan proceeds	4,040,549	1,500,000
Capital Grants - Federal		4,346,864
Capital projects proceeds from the Commission	342,793	2,178,000
Net cash used in capital financing activities	(1,538,336)	(2,295,039)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	266,865	246,184
Net cash provided by investing activities	266,865	246,184
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	200,328	851,850
CASH AND CASH EQUIVALENTS—Beginning of year	4,293,201	3,441,351
CASH AND CASH EQUIVALENTS—End of year	$ 4,493,529	$ 4,293,201

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (6,431,403)	$ (5,068,605)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,461,702	1,292,509
Payments made on behalf of College	296,816	
Changes in assets and liabilities:		
Accounts receivable—net	9,114	(56,189)
Loans to students—net	8,675	2,278
Prepaid expenses	7,001	(75)
Inventories	(31,886)	17,595
Accounts payable	(60,958)	487,881
Accrued liabilities and due to the Commission	97,750	257,913
Due to federal	(143,078)	
Compensated absences	175,253	(128,609)
Deferred revenue	(12,894)	42,435
NET CASH USED IN OPERATING ACTIVITIES	$ (4,623,908)	$ (3,152,867)
NONCASH TRANSACTIONS:		
Cumulative effect of adoption of accounting principle	$ 1,060,333	$ -
Accretion of bond discount into bonds payable	$ 1,519	$ 1,519
Capital lease obligation incurred for equipment	$ -	$ 110,765

See notes to combined financial statements.

(Concluded)

NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007

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, the Commission (which includes West Virginia Network for Educational Telecomputing), and West Virginia Council for Community and Technical College Education, 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 nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit 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, 2008 and 2007. 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 17).

Financial Statement Presentation—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* 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 structure and removed the restrictions but included designations associated with auxiliary and capital items. 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, 2008 and 2007, 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 Board of Treasury Investments ("BTI"). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value 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 BTI 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 are available for immediate withdrawal or on the first day of each month for the WV Short-Term Bond Pool (formerly Enhanced Yield Pool) and, accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

The BTI maintains the Consolidated Fund Investment Fund which consists of seven investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 500 Virginia Street East, Suite 200, Charleston, WV 25301 or http://www.wvbti.com.

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. These revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Appropriations which remain undrawn at the end of the year may be drawn through the thirty–first day of July after the end of the year for which the appropriation is made.

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 collectability 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. No interest was capitalized as part of the cost of assets for the year ended June 30, 2008. 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 and Other Post Employment Benefits—The College accounts for compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*.

Effective July 1, 2007, the College adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, Glenville State was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency ("PEIA"), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or http://www.wvpeia.com.

This statement requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation, 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. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State.

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.

For the year ended June 30, 2007, 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 and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense on the statement 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 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.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the College has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

Classification of Revenues—The College has classified its 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.

- *Other Revenues*—Other revenues consist primarily of capital grants and gifts.

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 institutions such as 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 2008 and 2007, the College received and disbursed $4,585,230 and $4,043,757, 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 2008 and 2007, the College received and disbursed approximately $2,181,642 and $2,098,078, 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.

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.

Risk and Uncertainties—Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Recent Statements Issued by the Government Accounting Standards Board—The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for fiscal years beginning after December 15, 2007. This statement addresses the obligations of existing pollution events. It provides guidance on whether any components of a remediation should be recognized as a liability. The College has not yet determined the effect that the adoption of GASB Statement No. 49 may have on the financial statements.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting*, effective for fiscal years beginning after June 15, 2009. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The College has not yet determined the effect that the adoption of GASB Statement No. 51 may have on the financial statements.

The GASB has issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective for fiscal years beginning after June 15, 2008. This statement requires endowments to report their land and other real estate investments at fair value. It also requires changes in fair value to be reported as investment income, disclosure of the methods and significant assumptions employed to determine fair value, and disclosure of other information that is currently presented for other investments reported at fair value. The College has not yet determined the effect that the adoption of GASB Statement No. 52 may have on its financial statements.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* effective for fiscal years beginning after June 15, 2009. This statement requires governmental entities to measure most derivative instruments at fair value as assets or liabilities. It also improves disclosure requirements surrounding the entity's derivative instrument activity, its objectives for entering into the derivative instrument, and the instrument's significant terms and risks. Glenville State College has not yet determined the effect that the adoption of GASB Statement No. 53 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2008 and 2007, was held as follows:

	2008		
	Current	Noncurrent	Total
State Treasurer	$ 3,779,673	$ 1,622,582	$ 5,402,255
Municipal Bond Commission	292,419		292,419
Trustee		607,541	607,541
Banks	421,437		421,437
	$ 4,493,529	$ 2,230,123	$ 6,723,652

	2007		
	Current	Noncurrent	Total
State Treasurer	$ 3,559,667	$ 2,441,312	$ 6,000,979
Municipal Bond Commission	280,562		280,562
Trustee		190,513	190,513
Banks	452,972		452,972
	$ 4,293,201	$ 2,631,825	$ 6,925,026

Amounts held by the State Treasurer includes $1,974,936 and $3,014,994 of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others as of June 30, 2008 and 2007, respectively.

Amounts held by the Municipal Bond Commission or Trustee represent funds reserved for various project revenue, debt service, other repair and replacement reserve funds required to be escrowed by various bond trust indentures, and proceeds from the 2007 Science Building Series A Bonds (see Note 6) that is restricted for construction of capital assets.

The combined carrying amounts of cash in the bank at June 30, 2008 and 2007 were $421,437 and $452,972, respectively, as compared with the combined bank balance of $584,159 and $482,166. The difference is primarily caused by items in transit.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2008 and 2007, are comprised of the following investment pools:

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI's Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts which the College may invest in, three are subject to credit risk: WV Money Market Pool (formerly Cash Liquidity Pool), WV Government Money Market Pool (formerly Government Money Market Pool), and WV Short Term Bond Pool (formerly Enhanced Yield Pool).

WV Money Market (Formerly Cash Liquidity Pool)

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2008, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated in the current year, specific information on the credit ratings of the underlying investments of the pool have not been provided for the year ended June 30, 2008, although the underlying investments are similar securities with similar ratings as 2007. For the year ended June 30, 2007, this pool was not rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2008, the WV Money Market Pool investments had a total carrying value of $2,358,470,000, of which the College's ownership represents 0.24%.

The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands) at June 30, 2007:

	Credit Rating *		2007	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent of Pool Assets**
Investments:				
Commercial paper	P1	A-1	$1,015,926	48.89 %
Corporate bonds and notes	Aaa	AAA	98,999	4.76
	Aa3	AA	20,001	0.96
	Aa3	A	23,002	1.11
	Aa2	AA	15,000	0.72
	Aa2	A	27,000	1.30
	Aa1	AA	77,023	3.71
			261,025	12.56
U.S. agency bonds	Aaa	AAA	46,994	2.26
U.S. Treasury bills	Aaa	AAA	358,725	17.27
Negotiable certificates of deposit	P1	A-1	76,500	3.68
U.S. agency discount notes	P1	A-1	21,655	1.04
Money market funds	Aaa	AAA	185	0.01
Repurchase agreements (underlying securities):				
U.S. Treasury notes	Aaa	AAA		
U.S. agency notes	Aaa	AAA	246,821	11.88
			246,821	11.88
Deposits — nonnegotiable certificates of deposit	NR	NR	50,000	2.41
			$2,077,831	100.00 %

* NR = Not Rated. See "Deposits" note at the conclusion of this footnote.

At June 30, 2007, the College's ownership 0.28% of these amounts held by the BTI.

WV Government Money Market Pool (formerly Government Money Market Pool)

Credit Risk — For the year ended June 30, 2008, the WV Government Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated in the current year, specific information on the credit ratings of the underlying investments of the pool have not been provided for the year ended June 30, 2008, although the underlying investments are similar securities with similar ratings as 2007. For the year ended June 30, 2007, this pool was not rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2008, the WV Government Money Market Pool investments had a total carrying value of $187,064,000, of which the College's ownership represents 0.03%.

The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands) at June 30, 2007:

	Credit Rating		2007	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent of Pool Assets**
U.S. agency bonds	Aaa	AAA	$ 67,620	29.46 %
U.S. Treasury bills	Aaa	AAA	36,379	15.85
U.S. agency discount notes	P1	A-1	74,143	32.30
Money market funds	Aaa	AAA	9	
Repurchase agreements (underlying securities):				
U.S. Treasury notes	Aaa	AAA	51,400	22.39
			51,400	22.39
			$ 229,551	100.00 %

At June 30, 2007, the College's ownership 0.10% of these amounts held by the BTI.

WV Short Term Bond Pool (formerly Enhanced Yield Pool)

Credit Risk — The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A (A- in 2007) by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Credit Rating* Moody's	S&P	2008 Carrying Value	2008 Percent of Pool Assets	2007 Carrying Value	2007 Percent of Pool Assets
Corporate asset backed securities	P1	A-1	$	%	$ 42,122	18.40 %
	Aaa	AAA	48,663	13.75		
	Aaa	NR	2,179	0.62		
	NR	AAA	1,135	0.32		
	AA3	AA	192	0.06		
			52,169	14.75	42,122	18.40
Commercial Paper	P1	A-1	7,971	2.25		
Corporate bonds and notes	Aaa	AAA	13,146	3.72	1,667	0.73
	Aa1	AA	12,613	3.56	6,431	2.81
	Aa2	AA	20,860	5.89	950	0.41
	Aa2	A	1,061	0.30	2,177	0.95
	Aa3	AA	11,488	3.25	7,857	3.43
	Aa3	A	4,548	1.28	3,905	1.70
	A1	AA	4,305	1.22	3,034	1.32
	A1	A	8,361	2.36	10,706	4.68
	A2	AA	847	0.24	747	0.33
	A2	A	26,585	7.51	8,188	3.58
	A3	A	10,917	3.08	6,958	3.04
	Baa1	AA-	593	0.17		
	Baa1	A-	2,028	0.57		
	Baa3	BB+	645	0.18		
			117,997	33.33	52,620	22.98
U.S. agency bonds	Aaa	AAA	71,840	20.29	46,075	20.13
U.S. Treasury notes**	Aaa	AAA	81,875	23.13	55,877	24.41
U.S. agency mortgage backed securities***	Aaa	AAA	5,345	1.51	11,741	5.13
Repurchase agreements (underlying securities): U.S. agency notes	Aaa	AAA	16,782	4.74	20,485	8.95
			$ 353,979	100 %	$ 228,920	100 %

*NR = Not Rated
**U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.
***U.S. agency mortgage backed securities are issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2008 and 2007, the College's ownership represents 0.14% and 0.14%, respectively, of these amounts held by the BTI.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 371,163	1	$ 246,821	2
U.S. Treasury bills	406,426	31	358,725	30
Commercial paper	658,879	29	1,015,926	52
Certificates of deposit	147,001	95	126,500	76
U.S. agency discount notes	212,924	84	21,655	113
Corporate notes	158,000	21	261,025	58
U.S. agency bonds/notes	254,019	111	46,994	156
Money market funds	150,058	1	185	1
	$ 2,358,470	40	$ 2,077,831	48

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 53,400	1	$ 51,400	2
U.S. Treasury bills	29,929	58	36,379	29
U.S. agency discount notes	43,249	77	74,143	106
U.S. agency bonds/notes	60,420	84	67,620	60
Money market funds	66	1	9	1
	$ 187,064	54	$ 229,551	49

The overall weighted average maturity of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Short Term Bond Pool:

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 16,782	1	$ 20,485	2
U.S. Treasury bonds/notes	81,875	744	55,877	1,092
Corporate notes	117,997	675	52,620	557
Corporate asset backed securities	52,169	341	42,122	421
U.S. agency bonds/notes	71,840	1,231	46,075	927
U.S. agency mortgage backed securities	5,345	570	11,741	814
Commercial Paper	7,971	50		
	$353,979	707	$ 228,920	700

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is reported on the BTI's statement of fiduciary net assets is invested in the lending agent's money market fund in the BTI's name. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits — Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

As of June 30, 2008, $273,996 of the College's bank balance of $584,159 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$273,996

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2008 and 2007:

	2008	2007
Student tuition and fees, net of allowance for doubtful accounts of $815,868 and $682,566, respectively	$ 161,855	$ 129,459
Due from the Commission		368,227
Due from other State agencies	6,259	39,702
Due from Federal Government	78,243	64,508
Other accounts receivable	52,924	74,726
	$ 299,281	$ 676,622

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2008 and 2007:

	2008				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 462,913	$ 70,031		$ 51,029	$ 583,973
Construction In Progress	4,884,446	$ -	$ -	$ (4,884,446)	-
Total capital assets not being depreciated	$ 5,347,359	$ 70,031	$	$ (4,833,417)	$ 583,973
Other capital assets:					
Land improvements	$ 2,389,609				$ 2,389,609
Infrastructure	1,433,778				1,433,778
Buildings	36,903,930	$ 4,417,127		$ 4,776,497	46,097,554
Equipment	6,301,918	275,179	$ (85,447)	56,920	6,548,570
Library books	1,612,335	26,808	(1,341)		1,637,802
Total other capital assets	48,641,570	4,719,114	(86,788)	4,833,417	58,107,313
Less accumulated depreciation for:					
Land improvements	866,374	94,620			960,994
Infrastructure	1,172,382	95,585			1,267,967
Buildings	16,073,963	708,198		(56,920)	16,725,241
Equipment	4,151,192	510,358	(85,447)	56,920	4,633,023
Library books	1,466,542	52,941	(1,341)		1,518,142
Total accumulated depreciation	23,730,453	1,461,702	(86,788)		25,105,367
Other capital assets—net	$ 24,911,117	$ 3,257,412	$ -	$ 4,833,417	$ 33,001,946
Capital asset summary:					
Capital assets not being depreciated	$ 5,347,359	$ 70,031	$	$ (4,833,417)	$ 583,973
Other capital assets	48,641,570	4,719,114	(86,788)	4,833,417	58,107,313
Total cost of capital assets	53,988,929	4,789,145	(86,788)		58,691,286
Less accumulated depreciation	23,730,453	1,461,702	(86,788)		25,105,367
Capital assets—net	$ 30,258,476	$ 3,327,443	$ -	$	$ 33,585,919

	2007				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 462,913				$ 462,913
Construction In Progress	1,213,808	$ 6,713,812	$ 271,078	$ (2,772,096)	4,884,446
Total capital assets not being depreciated	$ 1,676,721	$ 6,713,812	$ 271,078	$ (2,772,096)	$ 5,347,359
Other capital assets:					
Land improvements	$ 2,389,609				$ 2,389,609
Infrastructure	1,433,778				1,433,778
Buildings	33,970,406	$ 161,428		$ 2,772,096	36,903,930
Equipment	5,561,325	787,034	$ (46,441)		6,301,918
Library books	1,573,902	40,788	(2,355)		1,612,335
Total other capital assets	44,929,020	989,250	(48,796)	2,772,096	48,641,570
Less accumulated depreciation for:					
Land improvements	771,753	94,621			866,374
Infrastructure	1,076,799	95,583			1,172,382
Buildings	15,539,548	534,415			16,073,963
Equipment	3,677,951	517,529	(44,288)		4,151,192
Library books	1,419,785	49,112	(2,355)		1,466,542
Total accumulated depreciation	22,485,836	1,291,260	(46,643)		23,730,453
Other capital assets—net	$ 22,443,184	$ (302,010)	$ (2,153)	$ 2,772,096	$ 24,911,117
Capital asset summary:					
Capital assets not being depreciated	$ 1,676,721	$ 6,713,812	$ 271,078	$ (2,772,096)	$ 5,347,359
Other capital assets	44,929,020	989,250	(48,796)	2,772,096	48,641,570
Total cost of capital assets	46,605,741	7,703,062	222,282		53,988,929
Less accumulated depreciation	22,485,836	1,291,260	(46,643)		23,730,453
Capital assets—net	$ 24,119,905	$ 6,411,802	$ 268,925	$	$ 30,258,476

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. 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.

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30, 2008 and 2007:

	2008				
	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 $199,928 at June 30, 2008	$ 4,559,679	$	$ 88,481	$ 4,471,198	$ 93,481
Campus Community Center bonds	1,475,964		49,634	1,426,330	51,791
Science Building Bonds		4,125,000	73,389	4,051,611	65,820
Capital lease obligations	611,065		221,256	389,809	191,324
Notes payable	292,071	26,250	77,859	240,462	147,962
Commission Debt Payable	1,882,498		172,692	1,709,806	177,481
Total bonds, capital leases, and note payable	8,821,277	4,151,250	683,311	12,289,216	727,859
Other liabilities:					
Accrued compensated absences	1,407,247	212,704	1,227,725	392,226	268,416
Other post employment benefits liability		129,941		129,941	
Total noncurrent liabilities	$ 10,228,524	$ 4,493,895	$ 1,911,036	$ 12,811,383	$ 996,275

	2007				
	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 $190,513 at June 30, 2007	$ 4,643,160	$ 1,519	$ 85,000	$ 4,559,679	$ 88,481
Campus Community Center bonds		1,500,000	24,036	1,475,964	49,634
Capital lease obligations	724,037	110,765	223,737	611,065	223,001
Notes payable	369,750		77,679	292,071	77,859
Commission Debt Payable	2,004,608	40,376	162,486	1,882,498	172,692
Total bonds, capital leases, and note payable	7,741,555	1,652,660	572,938	8,821,277	611,667
Other liabilities:					
Accrued compensated absences	1,535,856	327,151	455,760	1,407,247	290,668
Total noncurrent liabilities	$ 9,277,411	$ 1,979,811	$ 1,028,698	$ 10,228,524	$ 902,335

7. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2008 and 2007:

	Interest Rate	Annual Principal Installment Due	2008 Principal Amount Outstanding	2007 Principal Amount Outstanding
Student Housing Bonds:				
Series 2000 A, mature various dates through October 1, 2030	5.3% to 6.2%	Various	$ 4,505,000	$ 4,595,000
Less: Discount			33,802	35,321
Total Series 2000 A bonds			4,471,198	4,559,679
Campus Community Center Bonds:				
Series 2006, interest rate reset at November 1, 2016	4.30%	Various	1,426,330	1,475,964
Science Building Bonds				
Series 2007, interest rate reset at October 1, 2017	4.68%	Various	4,051,611	-
Total bonds payable			$ 9,949,139	$ 6,035,643

Future debt service requirements to maturity for the revenue bonds at June 30, 2008, are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 212,611	$ 521,083	$ 733,694
2010	222,979	510,426	733,405
2011	238,591	499,063	737,654
2012	249,461	486,718	736,179
2013	260,599	473,531	734,130
2014 - 2018	1,520,345	2,145,151	3,665,496
2019 - 2023	1,966,823	1,691,731	3,658,554
2024 - 2028	2,386,296	1,098,212	3,484,508
2029 - 2033	1,902,545	455,375	2,357,920
2034 - 2037	1,022,691	123,343	1,146,034
Total	$ 9,982,941	$ 8,004,633	$ 17,987,574

Costs relating to obtaining the revenue bonds are capitalized and amortized over the term of the related debt using the straight-line method. Accumulated amortization at June 30, 2008 was $1,067. Amortization of deferred financing costs charged to nonoperating expense was $1,067. When a bond is paid in full, any unamortized financing costs are removed from the related accounts and charged to nonoperating expense.

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, 2008:

Year Ending June 30	Principal	Interest	Total
2009	$ 191,324	$ 12,170	$ 203,494
2010	114,741	5,797	120,538
2011	59,579	2,523	62,102
2012	24,165	586	24,751
			410,885
Less interest			21,076
			$ 389,809

The net book value of leased assets was $727,016 as of June 30, 2008.

9. NOTE PAYABLE

Notes payable consisted of the following at June 30, 2008 and 2007:

	Interest Rate	Annual Principal Installment Due	2008 Principal Amount Outstanding	2007 Principal Amount Outstanding
Real Estate Purchase:				
$79,000 promissory note collateralized by 1st lien on purchased house and lot, Gilmer County, West Virginia	6.0%	$569 monthly through 7/2012 plus balloon	$ 64,212	$ 67,071
$375,000 unsecured promissory note to the Commission	0.0%	$37,500 semi-annually through 6/2010	150,000	225,000
$26,250 promissory note collateralized by 1st lien on purchased house and lot, Gilmer County, West Virginia	6.0%	$8,750 annually through 1/2011	26,250	
Total Note Payable			$ 240,462	$ 292,071

The following is a schedule by year of future annual minimum payments required under the notes existing at June 30, 2008:

Year Ending June 30	Principal	Interest	Total
2009	$ 147,962	$ 1,575	$ 149,537
2010	83,750	1,050	84,800
2011	8,750	525	9,275
Total			243,612
Less portion representing interest			3,150
			$ 240,462

10. COMPENSATED ABSENCES LIABILITY AND OTHER POSTEMPLOYMENT BENEFITS

Compensated absences liability at June 30, 2008 and 2007, is as follows:

	2008			2007		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Health or life insurance benefits	$ -	$ -	$ -	$ 71,454	$ 988,879	$ 1,060,333
Accrued vacation leave	268,416	123,810	392,226	219,214	127,700	346,914
Total	$ 268,416	$ 123,810	$ 392,226	$ 290,668	$ 1,116,579	$ 1,407,247

For the years ended June 30, 2007 , the cost of health and life insurance benefits paid by Glenville State was based on a combination of years of service and age in accordance with GASB Statement No. 16. For the year ended June 30, 2007, the amount paid by the College for extended health of life insurance coverage retirement benefits totaled $56,981. As of the year ended June 30, 2007, there were 28 retirees receiving benefits.

The Code requires the OPEB Plan to bill the participating employers 100% of the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

For the year ended June 30, 2008, with the adoption of GASB Statement No. 45, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2008, the noncurrent liability related to OPEB costs was $129,941. For the year ended June 30, 2008, the College recorded a cumulative effect of the adoption of this accounting principle of $1,060,333, an amount equal to the June 30, 2007, liability for the extended health or life insurance benefit previously recorded in accordance with GASB Statement No. 16. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $831,291 and $404,534, respectively, during 2008. As of the year ended June 30, 2008, there were 26 retirees receiving 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 2008 and 2007, the College paid $263,558 and $258,274, respectively, to the Commission, which consisted of $172,692 and $162,486 in principal, and $90,866 and $106,274 in interest and other related charges, respectively. The amount due to Commission at June 30, 2008 and 2007 was $1,709,806 and $1,882,498 respectively.

Subsequent Event

In July 2008, the Glenville State College Housing Corporation purchased a local motel for $500,000. A real estate secured bank loan in the amount of $635,000 was obtained to finance the purchase of the motel. In addition, the funds were used to refinance an existing loan with the Glenville State College Foundation and reimburse funds used for the purchase of three other parcels of real estate.

12. UNRESTRICTED NET ASSETS

The College's unrestricted net assets include certain designated net assets as follows:

	2008	2007
Designated for auxiliaries	$ 416,042	$ 256,376
Designated for affiliated organizations	273,150	374,983
Undesignated	2,026,603	900,031
Total unrestricted net assets	$ 2,715,795	$ 1,531,390

13. 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, 2008, 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 contractual maximum contribution rate is 15%. 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, 2008 and 2007, respectively. Required employee contributions were at the rate of 6% of total annual salary for the years ended June 30, 2008 and 2007, 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, 2008, 2007 and 2006, were $376,583, $380,161and $388,342, respectively, which consisted of $268,988, $271,544, and $277,387 from the College in 2008, 2007, and 2006 respectively, and $107,595, $108,617, and $110,955 from the covered employees in 2008, 2007, and 2006 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, 2008, 2007 and 2006, were $622,450, $544,008, and $487,248, respectively, which consisted of equal contributions from the College and covered employees in 2008, 2007 and 2006 of $311,225, $272,004 and $243,624, respectively.

The College's total payroll for the years ended June 30, 2008 and 2007 was $7,930,727 and $7,059,474; total covered employees' salaries in the STRS and TIAA-CREF were $1,793,252 and $5,169,751 in 2008, respectively, $1,810,289 and $4,514,411 in 2007, respectively.

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 Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2008 or 2007.

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. SEGMENT INFORMATION (UNAUDITED)

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

Descriptive information for each of Glenville State College's segments is shown below:

a. *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.

b. *Board of Governors of Glenville State College, Facilities Improvements Revenue Bonds, Series 2006.*

In November 2006, the College sold $1,500,000 of Revenue Bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 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 November 30, 2006, by and between the Glenville State College Board of Governors and Branch Banking & Trust, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

c. *Board of Governors of Glenville State College, Student Fee Revenue Bonds, (Glenville State College Science Building Project), Series 2007*

In December 2007, the College sold $4,125,000 of Revenue Bonds, 2007 Student Fee Revenue Bonds, Series 2007 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 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 November 30, 2006, by and between the Glenville State College Board of Governors and United Bank, Inc., Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's education and general capital fees and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

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

Condensed Statement of Net Assets (Unaudited)	Housing Facilities Revenue Bonds Series 2000A		Facilities Improvement Revenue Bonds Series 2006		Student Fees Revenue Bonds Series 2007
	June 30 2008	June 30 2007	June 30 2008	June 30 2007	June 30 2008
Assets:					
Current assets	$ 415,809	$ 357,682	$ 708,585	$ 288,510	$ 217,095
Capital assets	5,724,747	5,700,710	9,327,742	9,798,730	9,806,609
Total assets	$6,140,556	$6,058,392	$ 10,036,327	$ 10,087,240	$ 10,023,704
Liabilities:					
Current liabilities	$ 327,045	$ 199,807	$ 64,704	$ 53,292	$ 65,820
Long-term liabilities	4,395,217	4,535,410	1,374,538	1,426,330	3,985,791
Total liabilities	4,722,262	4,735,217	1,439,242	1,479,622	4,051,611
Net Assets:					
Invested in capital assets—net of related debt	1,013,087	973,960	8,201,412	8,322,766	5,754,998
Restricted:					
Debt service	199,928	190,513			
Unrestricted	205,279	158,702	695,673	284,852	217,095
Total net assets and liabilities	$6,140,556	$6,058,392	$ 10,336,327	$ 10,087,240	$ 10,023,704

Condensed Statement of Revenues, Expenses and Changes in Net Assets (Unaudited)	Housing Facilities Revenue Bonds Series 2000A As of June 30 2008	Housing Facilities Revenue Bonds Series 2000A As of June 30 2007	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2008	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2007	Student Fee Revenue Bonds Series 2007 As of June 30 2008
Operating:					
Operating revenues	$ 545,017	$ 434,362	$ 351,542	$ 353,895	$ 344,432
Operating expenses	(174,874)	(186,046)	(118,361)	(482,706)	
Net operating income	370,143	248,316	233,181	(128,811)	344,432
Nonoperating:					
Nonoperating revenues	8,879	10,089	119,225	1,280,096	350,343
Nonoperating expenses	(283,903)	(288,711)	(62,939)	(35,250)	(53,948)
Changes in net assets	95,119	(30,306)	289,467	1,116,035	640,827
Net assets—beginning of year	1,323,175	1,353,481	8,607,618	7,491,583	5,331,266
Net assets—end of year	$ 1,418,294	$ 1,323,175	$ 8,897,085	$ 8,607,618	$ 5,972,093

Condensed Statement of Cash Flows (Unaudited)	Housing Facilities Revenue Bonds Series 2000A As of June 30 2008	Housing Facilities Revenue Bonds Series 2000A As of June 30 2007	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2008	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2007	Student Fee Revenue Bonds Series 2007 As of June 30 2008
Net cash provided by operating activities	$ 488,305	$ 380,136	$ 233,637	$ 85,776	$ 344,432
Net cash used in capital and related activities	(429,728)	(434,252)	74,926	(56,286)	(127,337)
Net increase in cash	58,577	(54,116)	308,563	29,490	217,095
Cash and cash equivalents - beginning of year	353,083	407,199	274,322	244,832	
Cash and cash equivalents - end of year	$ 411,660	$ 353,083	$ 582,885	$ 274,322	$ 217,095

16. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2008 and 2007, the following table represents operating expenses within both natural and functional classifications:

2008

	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	$ 3,805,196	$ 1,056,912	$ 867,537	$ 9,424	$	$	$	$	$ 5,739,069
Academic support	486,393	180,599	103,876	300					771,168
Student services	934,444	364,936	257,075	36					1,556,491
General institutional support	1,077,588	395,364	463,245	5,262					1,941,459
Operations and maintenance of plant	650,060	316,415	625,249	556,328					2,148,052
Student financial aid					2,163,152		4,764		2,167,916
Auxiliary enterprises	977,046	319,247	2,220,158	382,413					3,898,864
Depreciation						1,461,702			1,461,702
Fees assessed by the Commission for operations								57,085	57,085
Total	$ 7,930,727	$ 2,633,473	$ 4,537,140	$ 953,763	$ 2,163,152	$ 1,461,702	$ 4,764	$ 57,085	$ 19,741,806

2007

	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	$ 3,408,708	$ 803,884	$ 518,560	$	$	$	$	$	$ 4,731,152
Academic support	528,847	153,442	107,540						789,829
Student services	911,460	244,030	369,025						1,524,515
General institutional support	859,684	308,537	218,882						1,387,103
Operations and maintenance of plant	575,425	192,566	331,407	444,326					1,543,724
Student financial aid					2,051,297		1,176		2,052,473
Auxiliary enterprises	775,350	208,243	1,736,382	469,154					3,189,129
Depreciation						1,292,509			1,292,509
Fees assessed by the Commission for operations								60,184	60,184
Total	$ 7,059,474	$ 1,910,702	$ 3,281,796	$ 913,480	$ 2,051,297	$ 1,292,509	$ 1,176	$ 60,184	$ 16,570,618

17. 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, 2008 and 2007, the Foundation's net assets (including unrealized gains) totaled $8,273,931 and $6,086,670, 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, 2008 and 2007, the Foundation contributed $541,791 and $485,837, respectively, to the College for scholarships.

The following notes on pages 50 – 53 are taken directly from the Foundation's audited financial statements.

NOTES TO FINANCIAL STATEMENTS
GLENVILLE STATE COLLEGE FOUNDATION, INC.
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Glenville State College Foundation, Inc. was incorporated in 1959 as a non-profit organization to receive and provide funds for scholarships, endowments, educational research and other general educational purposes for the benefit of Glenville State College and the students at Glenville State College.

Reporting Entity

The financial statements of the Foundation include all funds, functions, and activities to which the Board of Trustees has oversight responsibility. There are no additional entities required to be included in the reporting entity.

These financial statements are prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, fund transactions and balances are classified into three categories of net assets: 1) unrestricted net assets which have no donor-imposed restrictions; 2) temporarily-restricted net assets which have donor-imposed restrictions that will expire in the future; and 3) permanently-restricted net assets which have donor-imposed restrictions which do not expire.

The expiration of a donor-imposed restriction on a contribution or endowment income is recognized in the period in which the restriction expires, at which time the related resource is recognized as unrestricted net assets.

Cash

The Foundation maintains its cash at local financial institutions under normal financial arrangements. During the years ended June 30, 2008 and 2007, the Foundation cash balances periodically exceeded the FDIC insured deposit limit of $100,000.

Bequests and Contributions Receivable

Bequests and contributions receivable consist of bequests and contributions to give stock, cash, and life insurance proceeds. Bequests and contributions to give cash and stock are recorded at fair value, bequests and contributions to give life insurance proceeds are recorded at net present value. All bequests and contributions at June 30, 2008 and 2007 are, in the opinion of Foundation management, fully collectible.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with respective gains and losses being included in the Statement of Activities and Changes in Net Assets.

Equipment

The cost of equipment owned by the Foundation is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method. Expenditures for major renewals and betterments that extend the useful lives of the equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates, such as the allowance for uncollectible pledges, are based upon known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change.

Tax Exempt Status

The Foundation is exempt from federal income taxes as a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and deposits in banks.

No income taxes were paid during the years ended June 30, 2008 and 2007. Interest expense of $2,021 and $-0- was paid during the years ended June 30, 2008 and 2007, respectively.

NOTE 2. INVESTMENTS

Investments of the Foundation at June 30, 2008 consist of:

	Cost	Fair Value
American Century Mutual Funds	$ 38,770	$ 43,616
Lord Abbott Mutual Funds	77,346	71,549
Fidelity Investment Portfolio	7,087,722	6,343,024
Huntington Bancshares, Inc. Common Stock	37,500	5,770
United Bancshares, Inc. Common Stock	68,124	114,750
Exxon Mobil Corporation Common Stock	9,391	137,482
Other Investments	1,000	1,000
	$ 7,319,853	$ 6,717,191

The Fidelity Investment Portfolio consists of governmental agency notes and bonds (9%); corporate notes and bonds (15%); bond and stock mutual funds (44%); and short-term cash investments (32%).

Investments of the Foundation at June 30, 2007 consist of:

	Cost	Fair Value
American Century Mutual Funds	$ 33,312	$ 45,037
Lord Abbott Mutual Funds	67,527	85,825
United Bank Investment Portfolio	653	653
Fidelity Investment Portfolio	4,682,241	4,626,530
Huntington Bancshares, Inc. Common Stock	37,500	22,740
United Bancshares, Inc. Common Stock	68,124	159,000
Exxon Mobil Corporation Common Stock	9,391	130,853
Other Investments	1,000	1,000
	$ 4,899,748	$ 5,071,638

The Fidelity Investment Portfolio consists of governmental agency notes and bonds (20%); corporate notes and bonds (19%); bond and stock mutual funds (52%); and short-term cash investments (9%).

NOTE 3. BEQUESTS AND CONTRIBUTIONS RECEIVABLE

Bequests and contributions receivable consist of the following at June 30:

	2008	2007
Cline, present value of life insurance policy	$ 109,147	$ 113,340
Kern, present value of life insurance policy	9,609	8,848
Rice, present value of life insurance policy	591,618	559,993
TOTAL	$ 710,374	$ 682,181

NOTE 4. NOTES RECEIVABLE

During the year ended June 30, 2003, the Foundation loaned Glenville State College $79,000, secured by a deed of trust on the property known as the Turner House. The note bears interest at 6%, with monthly payments of $566 through June 2012, at which time a final payment of $67,637 is due. The balance of the note at June 30, 2008 and 2007 was $64,192 and $67,071, respectively.

During the year ended June 30, 2008, the Foundation advanced funds to Dr. Peter Barr, President of Glenville State College, for improvements to the president's house. Funds advanced totaled $23,898 with annual principal payments of $5,000 plus interest at 6%. The balance of the receivable at June 30, 2008 is $18,898.

NOTE 5. NOTES PAYABLE

During the year ended June 30, 2007, the Foundation acquired a note payable to Calhoun County Bank, to purchase a vehicle. The note has an original principal of $38,085, with 60 monthly payments of $738 through June 2012. The note bears interest at 6% and is secured by a vehicle with a net book value of $32,000 at June 30, 2008. The outstanding balances at June 30, 2008 and 2007 were $31,989 and $38,085, respectively.

Future maturities of notes payable at June 30, 2008 are as follows:

2009	$ 7,130
2010	7,569
2011	8,036
2012	9,254
	$ 31,989

NOTE 6. PHALA WOODS LOAN TRUST FUND

The Foundation has approximately $80,000 held in trust by Bank One of Clarksburg, West Virginia. The Foundation receives only income from the trust and uses the monies as loan funds as required by the trust agreement. The Foundation has no control over trust principal. The trust fund is, therefore, not included on the Foundation Statement of Financial Position as of June 30, 2008 or 2007.

NOTE 7. CONCENTRATIONS

The Foundation relies primarily upon bequests and contributions from donors who are primarily from the Glenville, West Virginia area and graduates of Glenville State College.

NOTE 8. ADMINISTRATIVE FEE ASSESSMENT

As provided by the West Virginia Code, the Foundation is entitled to charge an administrative fee for the management of the various assets held in trust. For the years ended 2008 and 2007, the Foundation charged an administrative fee in an amount sufficient to cover operating expenses, of $151,414 and $154,184, respectively.

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

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 years ended June 30, 2008 and 2007, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 20, 2008. We conducted our audits 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. Other auditors audited the financial statements of the Glenville State College Foundation, Inc. (the "Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 audits, 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, and the West Virginia Higher Education Policy Commission and is not intended to be and should not be used by anyone other than these specified parties.

Hayflich & Steinberg, CPA's, PLLC

November 20, 2008