WEST VIRGINIA UNIVERSITY AT PARKERSBURG

Financial Statements as of and
for the Year Ended June 30, 2014
and Independent Auditors' Reports

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

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INDEPENDENT AUDITORS' REPORT

Board of Governors
West Virginia University at Parkersburg
Parkersburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, of West Virginia University at Parkersburg, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of West Virginia University at Parkersburg, Foundation, Inc., which represents 100 percent of the total assets and total revenues of the discretely component unit of West Virginia University at Parkersburg. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the West Virginia University at Parkersburg, Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the West Virginia University at Parkersburg Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of West Virginia University at Parkersburg as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

West Virginia University at Parkersburg has included June 30, 2012 comparative information within the management's discussion and analysis which is not a requirement of the Governmental Accounting Standards Board, our opinion is not modified with regard to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, on our consideration of West Virginia University at Parkersburg'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Virginia University at Parkersburg's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 27, 2015

Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2014

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). This section of West Virginia University at Parkersburg's ("WVU at Parkersburg", "WVUP", or "College") annual financial report provides an overview of WVUP's financial performance during the fiscal year ended June 30, 2014 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2013 compared to fiscal year 2012. The primary focus is on fiscal year 2014.

WVUP's annual report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. These statements focus on the financial condition, the results of operations, and cash flows of WVU at Parkersburg. Each of these statements is discussed below.

Financial Highlights

At June 30, 2014, WVUP's total net position increased from the previous year-end by $2.3 million, primarily due to increases in capital assets, net of depreciation, appropriations from primary government, as well as decreases in accrued payroll, due to the Council/Commission, unearned revenue and notes payable to West Virginia University. These changes were partially offset by increases in accounts payable and notes payable to the Commission, as well as decreases in cash and cash equivalents and due from the Higher Education Policy Commission.

Total revenues decreased by 9.8%, mainly due to decreases in payments made and expenses incurred on behalf of WVU Parkersburg, student tuition and fees, local grants and contracts, State appropriations, and Federal Pell grants offset by increases in Federal and State grants and contracts. Total expenses decreased 2.9% from prior year mainly because of decreased scholarship and fellowships expense, offset by increases in supplies and other services.

Net Position

The statements of net position present the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) of WVUP as of the end of the fiscal years. Assets denote the resources available to continue the operations of WVUP. Deferred outflows of resources indicate the consumption of net position that is applicable to a future fiscal year. Liabilities indicate how much WVUP owes vendors, employees and lenders. Deferred inflows of resources indicate the acquisition of net position that is applicable to a future fiscal year. Net position measures the equity or the availability of funds of WVUP for future periods.

The components of net position are displayed in three major categories:

Net investment in capital assets. This category represents WVUP's total investment in capital assets, net of accumulated depreciation and 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 net investment in capital assets.

Restricted. This category includes resources which are restricted, either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - nonexpendable and expendable. **Nonexpendable restricted net position** includes endowment and similar type funds for 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. WVUP did not have any nonexpendable restricted components of net position during fiscal year 2013 or fiscal year 2014. **Expendable restricted net position** includes resources for which WVUP is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted. This category includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities, and auxiliary enterprises. Unrestricted components of net position are used for transactions related to the educational and general operations of WVUP and may be designated for specific purposes by action of WVUP's management or the Board of Governors.

Condensed Statements of Net Position (in thousands)

	As of June 30		
	2014	2013 (unaudited)	2012
Assets			
Current Assets	$ 14,707	$ 15,679	$ 14,216
Noncurrent Assets (Capital Assets, net)	26,952	25,114	20,528
Total Assets	$ 41,659	$ 40,793	$ 34,744
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 4,550	$ 6,052	$ 4,471
Noncurrent Liabilities	7,705	7,597	7,751
Total Liabilities	12,255	13,649	12,222
Deferred Inflows of Resources	-	4	-
Total Liabilities and Deferred Inflows of Resources	$ 12,255	$ 13,653	$ 12,222
Net Position			
Net Investment in Capital Assets	$ 23,707	$ 21,751	$ 17,054
Restricted	25	82	459
Unrestricted	5,672	5,307	5,009
Total Net Position	$ 29,404	$ 27,140	$ 22,522

Total assets of WVU at Parkersburg increased by $866,000 to a total of $41.7 million as of June 30, 2014. The increase was primarily due to increases in appropriations due from primary government and net capital assets, offset by decreases in cash and cash equivalents, accounts receivable and due from the Commission.

- Appropriations due from primary government, in the amount of $220,000, represent unspent appropriations in the State General funds at fiscal year end.

- Net capital assets increased $1.8 million as a result the purchase of Hammond farm and Gateway properties and construction-in-progress activities including the completion of Phase III of the card access project and the science tech wing. Net capital assets increased $4.6 million from fiscal year 2012 to fiscal year 2013.

- Net accounts receivable decreased $672,000 compared to the previous fiscal year primarily due to decreased grants and contracts receivables. Net accounts receivable increased $633,000 from fiscal year 2012 to fiscal year 2013 due to increases in grants receivable and student accounts receivable.

- Cash and cash equivalents decreased $370,000 compared to prior year primarily due to decreased cash inflows from tuition and fees, State appropriations, and Federal Pell grants and increased cash outflows from payments to suppliers. The decrease is offset by increases in cash inflows from grants and contracts and proceeds from loan from Commission and decreases in payments for scholarship and fellowships.

- Due from the Higher Education Policy Commission decreased $139,000 compared to the previous fiscal year. This is attributable to changes in the reimbursements due from the Commission. Due from the Higher Education Policy Commission had increased $139,000 from fiscal year 2012 to fiscal year 2013.

Total liabilities for the year decreased by $1.4 million from the prior year. This decrease is primarily attributable to decreases in accrued payroll, unearned revenue, due to the Commission and notes payable to West Virginia University. This decrease is offset by increases in accounts payable and notes payable to the Commission.

- Accrued payroll decreased $97,000 from prior year due to the discontinuation of the Summer Deferred Payment Program during fiscal year 2014. Accrued payroll increased $28,000 from fiscal year 2012 to 2013.

- Unearned revenue decreased $1.7 million from prior year. This is primarily attributable to decreases in unearned grants revenue. Unearned revenue increased $608,000 from fiscal year 2012 to fiscal year 2013.

- Due to Commission decreased $231,000 from the previous fiscal year. This decrease is primarily due to unexpended grant funds that were to be returned to the Commission in fiscal year 2013; however, there were no such funds to be returned in fiscal year 2014. This decrease is offset by an increase in WVNET service charges due. Due to Commission increased $254,000 from fiscal year 2012 to 2013.

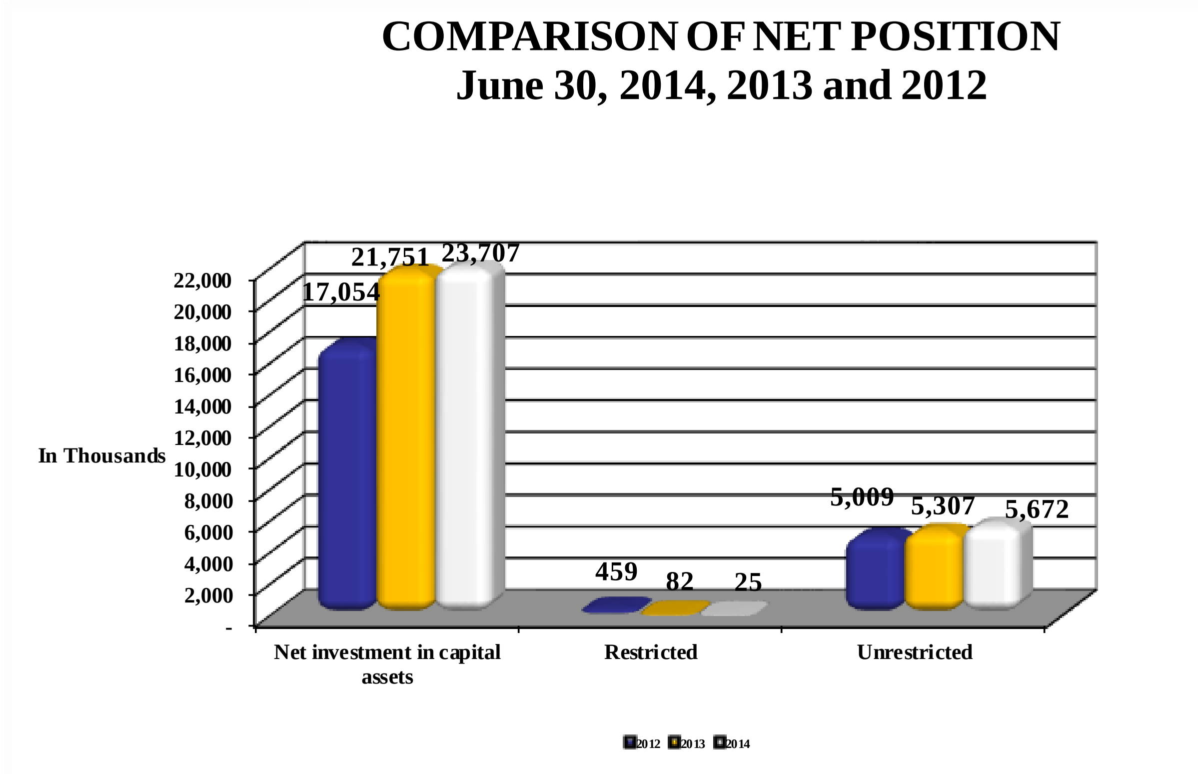
- Notes payable to West Virginia University decreased $177,000 due to payments made on Energy Performance Contract Phase II during fiscal year 2014. Notes payable to West Virginia University decreased $154,000 from fiscal year 2012 to fiscal year 2013.

- Accounts payable increased $378,000 from prior year. This is primarily due to payables outstanding for spring semester online courses, consulting fees and science tech wing construction costs. Accounts payable increased $644,000 from fiscal year 2012 to fiscal year 2013 due to increases in vouchers payable offset by decreases in the Downtown Campus Loan Fund accounts payable.

WVUP's current assets of $14.7 million were sufficient to cover current liabilities of $4.6 million, indicating that WVUP has sufficient available resources to meet its current obligations.

Deferred inflows decreased by $4,000 from fiscal year 2013. This was a new category in fiscal year 2013 to record the balance of Pell grant dollars submitted to the College before the start of the semester. There were no such balances of Pell grant dollars submitted to the College before the start of the semester in fiscal year 2014.

The following is a comparative illustration of net position.



Net investment in capital assets, increased $2.0 million from prior year. This increase is primarily due to an increase in net capital assets and offset by increases in notes payable. This category increased $4.7 million from fiscal year 2012 to fiscal year 2013.

Restricted net position decreased $57,000 due to decreases in the scholarship and fellowships category. The change in this net position category from fiscal year 2012 to fiscal year 2013 was a decrease of $377,000.

Unrestricted net position increased $365,000 due primarily to increases in grants and contracts revenue offset by decreases in State appropriations revenue and increases in supplies and other services expenses. This category increased $298,000 from fiscal year 2012 to fiscal year 2013.

Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the operating revenues, operating expenses, nonoperating revenues and expenses and other revenues, expenses, gains or losses of WVUP for the fiscal years presented.

State appropriations, while budgeted for operations, are considered and reported as non-operating revenues. This is because State appropriations are provided by the West Virginia Legislature (the "Legislature") to WVUP without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Federal Pell grants are reported as nonoperating, because of specific guidance in the AICPA industry audit guide. Student tuition and fees are reported net of scholarship discounts and allowances. Financial aid to students is reported using the NACUBO alternative method. Under this method, certain aid, such as loans and federal Stafford loans, is accounted for as a third party payment, while all other aid is reflected either as operating expenses or scholarship allowances, which reduce revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

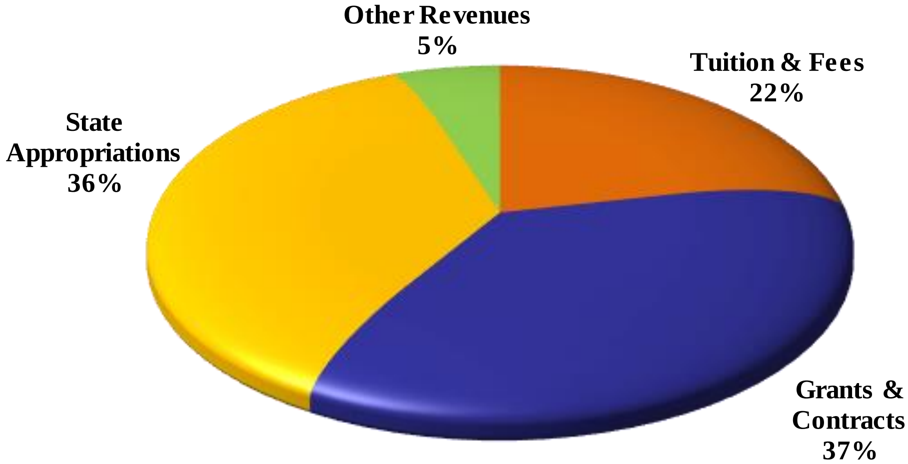
Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	Year Ended June 30		
	2014	**2013 (unaudited)**	**2012**
Operating Revenues	$ 11,142	$ 9,751	$ 10,097
Operating Expenses	26,348	27,088	28,684
Operating Loss	(15,206)	(17,337)	(18,587)
Net Nonoperating Revenues	17,425	19,324	20,204
Income before Other Revenues, Expenses, Gains, or Losses	2,219	1,987	1,617
Payments made and expenses incurred on behalf of WVU Parkersburg	45	2,631	3,315
Increase in Net Position	2,264	4,618	4,932
Net Position at Beginning of Year	27,140	22,522	17,590
Net Position at End of Year	$ 29,404	$ 27,140	$ 22,522

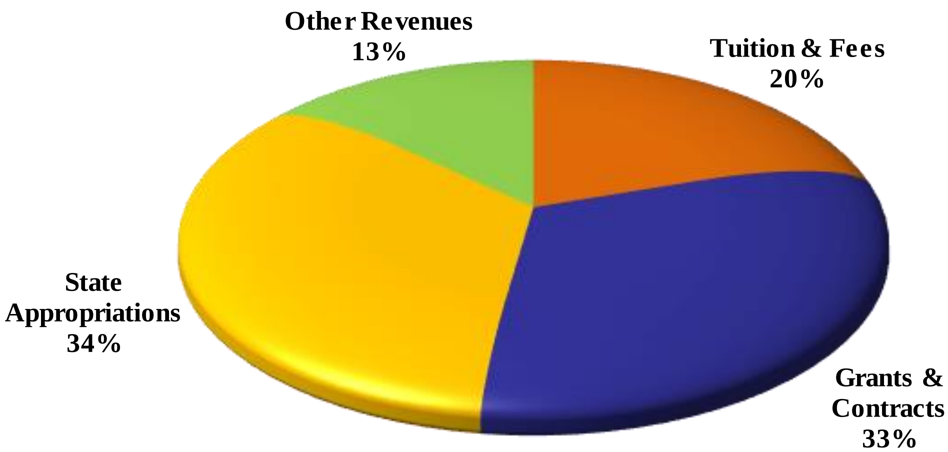
Revenues:

The following charts illustrate the composition of revenues by source for 2014 and 2013:

2014



2013



Total revenues for fiscal year 2014 were $28.6 million, a decrease of $3.1 million from prior year. The most significant sources of revenue for WVUP are State appropriations, Federal Pell grants, tuition and fees, and grants and contracts. Some highlights of the information presented on the statement of revenues, expenses, and changes in net position are as follows:

- State appropriations decreased $686,000 from fiscal year 2013 due to a smaller allocation in fiscal year 2014. State appropriations increased by $500,000 from fiscal year 2012 to fiscal year 2013.

- Federal Pell grants revenue decreased $1.3 million. This decrease can be attributed to new Federal regulations starting in fiscal year 2013 which limit Pell awards to six years per recipient, stricter standards of academic progress starting in fiscal year 2013 limiting the number of returning students eligible for Pell, and an overall decline in enrollment during fiscal year 2014. Federal Pell grants revenue decreased $1.6 million from fiscal year 2012 to fiscal year 2013.

- Net tuition and fees decreased $43,000 due to declines in enrollment of approximately 13% offset by increased tuition rates of approximately 9% and a decrease in student accounts receivable allowance. Tuition and fees, net increased $785,000 from fiscal year 2012 to fiscal year 2013 due to increased tuition rates and fees offset by a decline in enrollment.

- Federal grants and contracts revenue increased $456,000 from prior year. The increase is primarily due to the receipt of new grants in fiscal year 2014; significant new grants include the ARC Culinary Training Kitchen grant and the WV Tech Asst Broadband grant. This category of revenue decreased $598,000 from fiscal year 2012 to fiscal year 2013.

- State grants and contracts revenue increased $1.3 million from prior year. The increase is primarily due to new grants received in fiscal year 2014 and a decrease in unearned revenue. Significant new grants include the Entrepreneurial Technology grant and the Renewable Energy Tech Sustainability grant. State grants and contracts decreased by $504,000 recorded from fiscal year 2012 to fiscal year 2013.

- Local grants and contracts revenue decreased by $198,000 from prior year. This decrease is primarily due to grants which were received in fiscal year 2013 but not in fiscal year 2014; the most significant is the City of Parkersburg Federal Stimulus grant. This category increased $175,000 from fiscal year 2012 to fiscal year 2013.

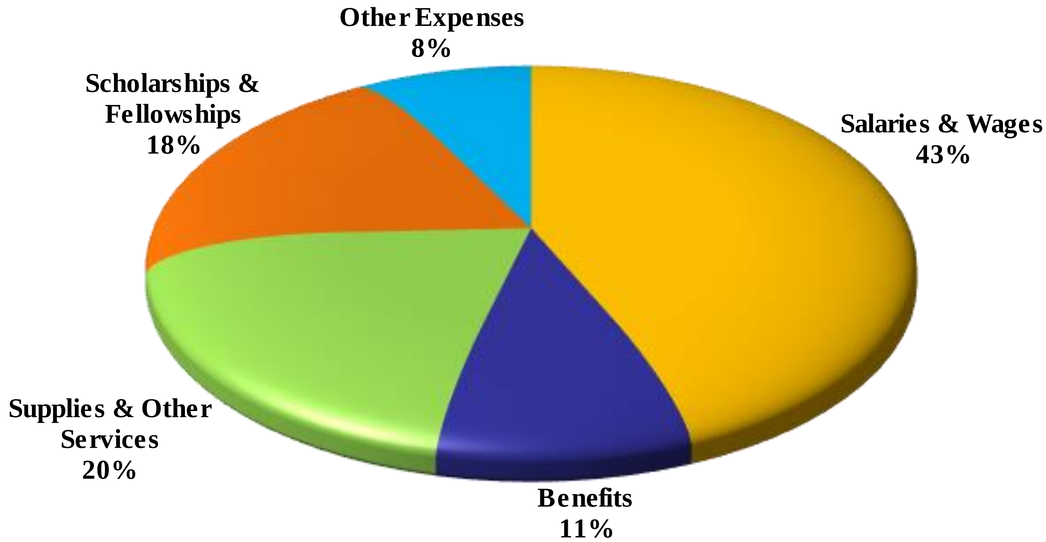
- Nongovernmental grants and contracts revenue increased by $68,000 from prior year. This increase is due new grants received in fiscal year 2014; the most significant is the Walmart Foundation JRWA grant. This category of revenue increased by $159,000 from fiscal year 2012 to fiscal year 2013.

- Payments made and expenses incurred on behalf of WVU Parkersburg decreased $2.6 million. The WVUP Main Building Access Control project was completed in fiscal year 2014 funded by 2012 HEPC Revenue Refunding Bond. The WVUP Applied Technology and Child Development Centers were completed in fiscal year 2013 funded by the HEPC 2009 B Facilities Bond in fiscal year 2013. This category decreased $684,000 from fiscal year 2012 to fiscal year 2013.

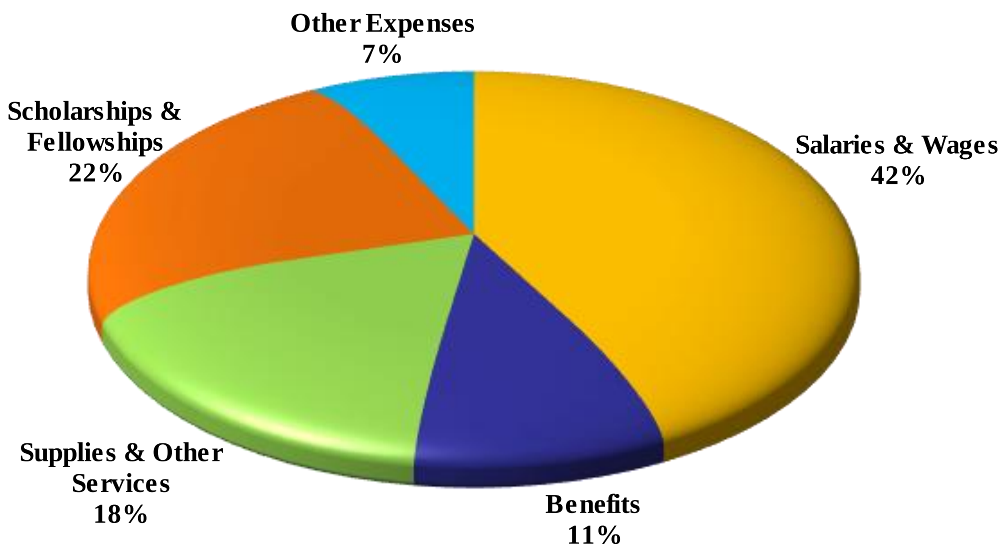
Expenses:

The following is a graphic comparison of total expenses by category between 2014 and 2013:

2014



2013



Total expenses for fiscal year 2014 were $26.4 million, a decrease of $779,000. This decrease is primarily due to changes in the categories of expenses as detailed below. Total expenses decreased $1.8 million from fiscal year 2012 to fiscal year 2013.

- Salaries and wages increased $33,000 from the prior year. This category remained stable in comparison with the prior fiscal year. Salaries and wages decreased $96,000 from fiscal year 2012 to fiscal year 2013.

- Benefits expense decreased by $51,000 from the prior year. This category remained stable in comparison with the prior fiscal year. Benefits expense decreased approximately $1.2 million from fiscal year 2012 to fiscal year 2013 due to expected decreases in the net OPEB expense. The "State of West Virginia has instituted several measures to reduce the OPEB liability including: changes in the eligibility criteria, retiree benefit changes, reduction in future retiree premium subsidy costs, and a recently passed legislation committing funds to pay down the liability. Although current post-employment benefits are being met on an ongoing basis, no state agency, including higher education institutions, has made payments to fund future cost associated with the liability. With the plan and design changes, an additional annual allocation plus the current funds designated for payment of OPEB costs, the liability will be eliminated by 2037." (Excerpt from letter written by the West Virginia Higher Education Policy Commission dated March 2012 to the Director of Accreditation Operations). The Annual Required Contribution monthly rates were drastically lowered for fiscal year 2013 from $903 to $257 along with the Retire Subsidy rate from $161 to $178. The rate reductions along with the continued decline in policy holders due to the change in eligibility criteria caused the material decline in benefit expense from fiscal year 2012 to fiscal year 2013.

- Scholarship and fellowship expenses decreased by $1.2 million from the prior year. This is mainly due to a decrease in financial aid recognized as revenue and non-money institutional waivers. This expense category decreased $861,000 from fiscal year 2012 to fiscal year 2013.

- Supplies and other services increased $442,000 mainly due to increases in office expense, research and educational supplies, consultant fees, and repairs for the routine maintenance of buildings and grounds. This increase is partially offset by decreases in computer software, equipment less than $5,000, and consultant payments for design of capital assets projects. Supplies and other services increased $351,000 from fiscal year 2012 to fiscal year 2013.

Cash Flows

The statements of cash flows provide information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of WVU at Parkersburg during the year. This statement helps users assess WVUP's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five sections:

Cash flows from operating activities. This section shows the net cash used by the operating activities of WVUP.

Cash flows from noncapital financing activities. This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

Cash flows from capital financing activities. This section includes cash used for the acquisition and construction of capital and related items.

Cash flows from investing activities. This section shows the purchases, proceeds, and interest received from investing activities.

Reconciliation of operating loss to net cash used in operating activities. This section provides a schedule that reconciles the accrual-based operating income (loss) and net cash used in operating activities.

Condensed Statements of Cash Flows (in thousands)

	Year Ended June 30		
	2014	**2013 (unaudited)**	**2012**
Cash Provided (Used) By:			
Operating Activities	$ (14,968)	$ (15,650)	$ (16,418)
Noncapital Financing Activities	17,252	19,408	20,441
Capital Financing Activities	(2,672)	(2,865)	(2,296)
Investing Activities	18	19	14
(Decrease) Increase in Cash and Cash Equivalents	(370)	912	1,741
Cash and Cash Equivalents, Beginning of Year	14,239	13,327	11,586
Cash and Cash Equivalents, End of Year	$ 13,869	$ 14,239	$ 13,327

Total cash and cash equivalents decreased by $370,000 during fiscal year 2014 to $13.9 million.

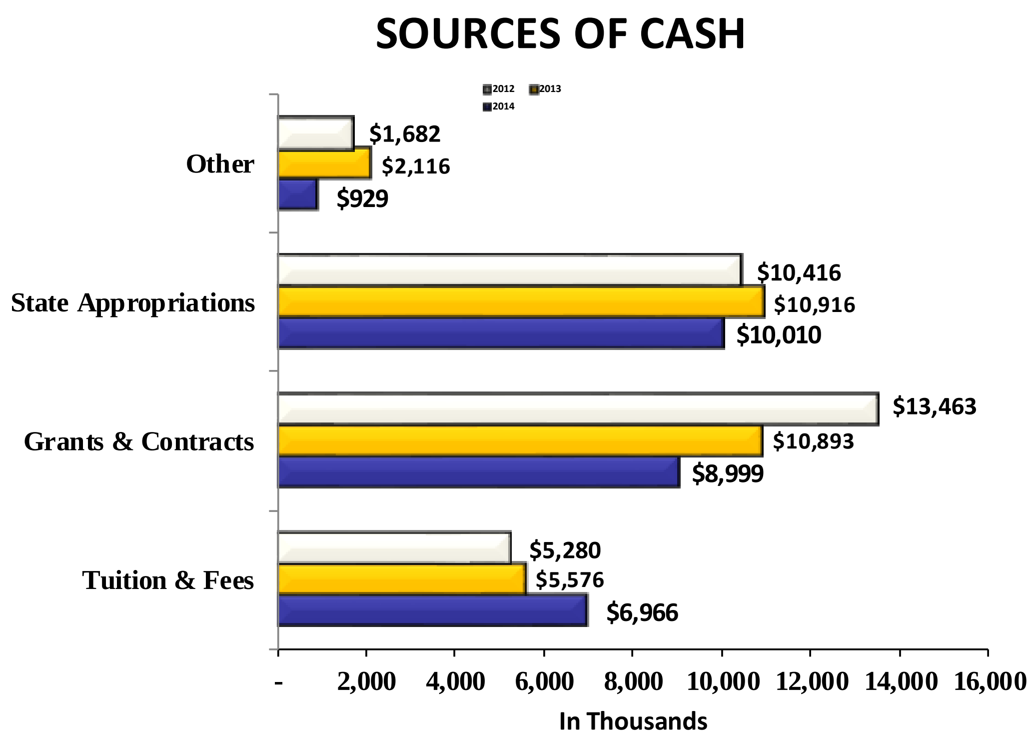
- Net cash used in operating activities decreased $682,000 primarily due to a decrease in cash inflows from grants and contracts and cash outflows for payments for scholarships and fellowships. This decrease is offset by an increase in cash inflows from tuition and fees and a decrease in payments for scholarships and fellowships. This category experienced a decrease in cash used of $768,000 from fiscal year 2012 to fiscal year 2013.

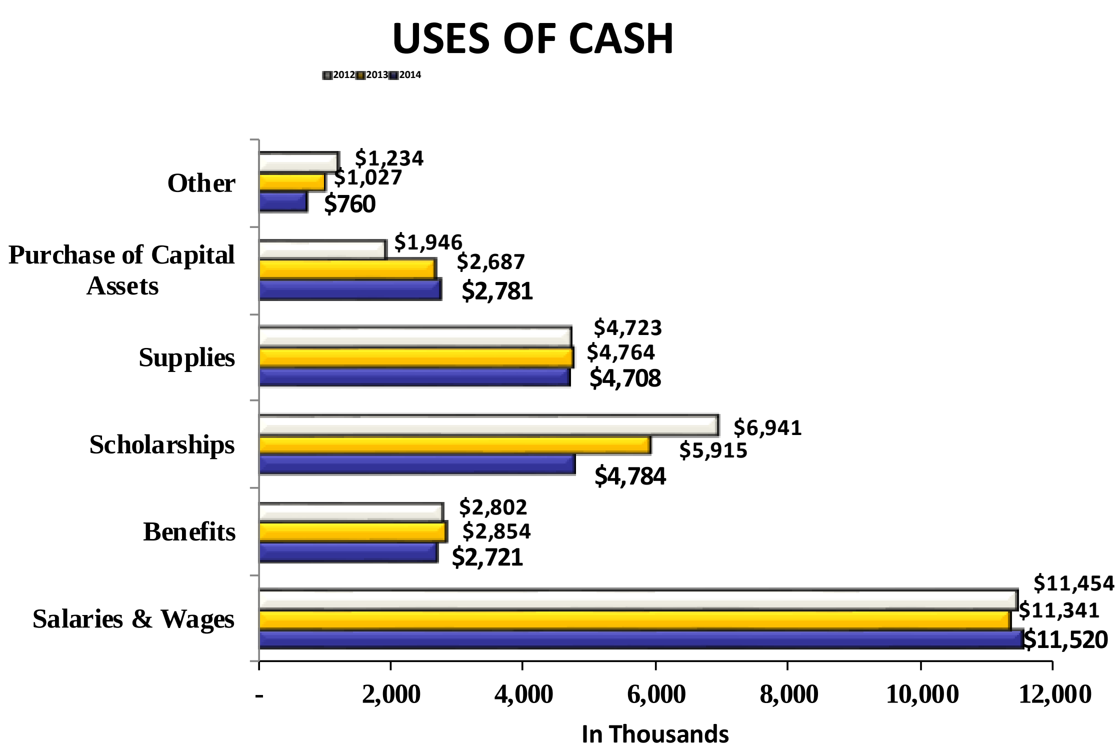
- Net cash provided by noncapital financing activities decreased by approximately $2.2 million primarily due to decreases in State appropriations and Federal Pell grants. This category experienced a decrease of $1.0 million from fiscal year 2012 to fiscal year 2013.

- Net cash used in capital financing activities decreased $193,000 primarily due to a decrease in cash inflows for capital bond proceeds from Commission and an increase cash outflows for the purchase of capital assets and principal paid on loan from Commission. This decrease is offset by an increase in cash inflows for proceeds from loan from Commission. This category experienced an increase of $569,000 from fiscal year 2012 to fiscal year 2013.

- Net cash from investing activities decreased $1,000 as a result of a decrease in investment income. This category experienced an increase of $5,000 from fiscal year 2012 to fiscal year 2013.

The following graphs illustrate the sources and uses of cash:





Capital Asset and Long Term Debt Activity

WVU at Parkersburg completed several construction projects in fiscal year 2014 and 2013, financed by notes payable, leases, gifts and other WVUP funds.

2015

The most significant capital activity planned in 2015 will be the renovation of EDA faculty offices in the main campus building, renovation of classroom space in the Caperton Center, installation of three new HVAC units at our Jackson County Center, upgrade and replacement of light poles at the main campus, repair of brick retaining walls at the loading dock and science wing, and replacement of worn carpet with floor tile.

2014

The most significant capital activity was the completion of the 2.1 million dollar remodeling of the college's science wing and installation of state-of-the-art science laboratories. During the fiscal year capital asset activities also included the acquisition of two properties adjacent to the college's main campus. First was the Gateway property located at the entrance to the college and the other is the Hammond farm property which will be used primarily in our diversified agriculture program. Other capital projects included completion of Phase II of the card access project, replacement of two roofs at our Jackson County Center, replacement of 3 HVAC units on the activity wing, complete renovation of two restrooms, installation of new sprinklers in the Tech wing, new floor covering in the student lounge, and card access control. Finally, the college completed a major mold remediation project in the EDA area of the main building by utilizing funds provided by a loan for the West Virginia Higher Education Policy Commission.

2013

The most significant capital activity was the completion of Phase I for the card access project. Phase I included access control placed on doors located at entrances and offices throughout the first floor of the main building. In addition, new flooring was installed in the student lounge of the main building, wall unit heaters were replaced in the banana wing, new doors were installed in the front entryway, and a complete roof replacement was performed on the technology wing. The roof on the Workforce Community Education (WCE) building received an epoxy coating that is expected to increase its life span for an additional ten years. The WCE parking lot was also repaved and restriped. The culinary kitchen at the W.T. Grant Building was completed; however, renovations remain on-going. Phase I of the science lab renovation project also began during this fiscal year and construction will continue into fiscal year 2014.

WVU at Parkersburg has planned capital expenditures that are approximately $564,000 during fiscal year 2015. The largest project will be the renovation of EDA faculty offices, renovation of classroom space in the Caperton Center and installation of three new HVAC units at our Jackson County Center.

In order to complete the mold remediation project in 2004, the college entered into a loan agreement with the West Virginia Higher Education Policy Commission in the amount of $435,000. This loan is to be repaid in ten semi-annual payments of $43,500.

Economic Outlook

West Virginia University at Parkersburg (WVUP) is located in Wood County in West Virginia. This area's economy has continued to improve from the severe economic downturn the State of West Virginia, along with the rest of the United States, experienced in the 2009 fiscal year. The slow improvement in the economic outlook is expected to continue in the near future. According to the US Bureau of Labor Statistics, Wood County's unemployment rate continues to decrease from the high levels of 11% reached at the height of the recession, and the County experienced a decline from 6.0% in July 2013 to 5.2% in July 2014. The State average stood at 6.0% in July 2014, compared to the 4% pre-recession level in January 2008.

The West Virginia Economic Outlook 2014, a report published by WVU Bureau of Business and Economic Research, projects modest growth in the remainder of calendar year 2014 and beyond. West Virginia's employment rate is at its lowest level since early 2009, and the rate is slightly below the national average of 6.1%. Overall, employment is forecast to rise by an average of 1% per year between 2014 and 2018, sending the unemployment rate down to 4.5 percent by the end of the forecast period. Comparatively, the National employment rate is expected to increase 1.6 percent annually. The State's Gross State Product (GSP) is forecast to continue to rise at a pace higher than the previous five years.

Since WVUP received about a third of its annual operating resources in the form of State appropriations, the College's financial resources are closely tied to the fiscal performance of the State of West Virginia. While improving somewhat, the near-static growth in the State's economic outlook as stated above, coupled with other negative factors, is expected to affect the State's fiscal situation at least in the short term, resulting in fiscal difficulties in the coming years. Tax collections from the coal industry and business and occupation tax receipts from electric power generators will continue to decrease over the foreseeable future. According to the State's budget office, balancing the upcoming FY 2016 General Revenue Budget will be a challenge that requires fiscal discipline. Their recent projections show a significant funding gap for FY 16 due a slowdown in the mining of coal and trend of declining lottery revenues due to continued emerging competition from neighboring states. During Fiscal Years 2014 and 2015, the College and most other state agencies saw 7.5% reductions in their state appropriations. Currently, the College has not been asked to reduce its Fiscal Year 2016 allocation. Additional, reductions in State appropriations would result in significant financial hardship for the College and most likely necessitate a reduction of services.

The College has put in place strategies and measures to help manage the reduction in State appropriations which started during the economic downturn. WVUP will continue to implement revenue enhancement strategies and numerous cost control measures to reduce the growth in operating expenditures in the coming fiscal years. A significant source of revenue increases in the past has been student tuition and fees. WVUP has one of the lowest tuition rates in West Virginia, and the College was allowed to raise tuition by 8% in the 2014-2015 academic year. This methodology as a way to manage reductions in State appropriations is not likely to happen in the 2015-2016 academic year.

Tuition revenue, which is a significant share of WVUP's operating resources, is materially impacted by fluctuations in enrollment which occur in response to major changes in overall economic conditions. During the recent economic downturn enrollment at WVUP increased significantly as displaced and underemployed members of the workforce enrolled at WVUP to further their education. However, as the economy improves and displaced workers return to work, enrollment has declined. This declining enrollment is exacerbated by the cuts in State support, necessitating raises in the tuition rate. This decline is expected to continue in the near future, as in fiscal year 2015 fall enrollment was down 16%.

Another revenue enhancement strategy WVUP continues to pursue is utilization of grants, donations and gifts. Improving the level of Federal, State and private grant activity at WVUP has been a strategic priority for the past several years and the increased focus has been successful as grant revenues continue to remain at significantly high levels. These strategic efforts are continuing and WVUP expects this trend in grant related revenue to continue in FY 2015 and beyond.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENT OF NET POSITION
AS OF JUNE 30, 2014
(Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	$	13,869
Appropriations due from primary government		220
Accounts receivable - net		534
Due from the Commission		17
Inventories		58
Prepaid expenses		9
Total current assets		14,707
Noncurrent Assets:		
Capital assets, net		26,952
Total noncurrent assets		26,952
TOTAL ASSETS	$	41,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	$	1,301
Accrued liabilities		150
Accrued payroll		404
Unearned revenue		1,971
Due to the Commission		30
Compensated absences		313
Note payable to West Virginia University, current portion		214
Note payable to the Commission, current portion		167
Total current liabilities		4,550
Noncurrent Liabilities:		
Other post employment benefits liability		4,719
Note payable to West Virginia University		2,518
Note payable to the Commission		468
Total noncurrent liabilities		7,705
TOTAL LIABILITIES		12,255
NET POSITION		
Net investment in capital assets	$	23,707
Restricted for:		
Expendable:		
Scholarships and fellowships		7
Sponsored programs		18
Total expendable		25
Unrestricted		5,672
TOTAL NET POSITION	$	29,404

See notes to financial statements.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

WVU AT PARKERSBURG FOUNDATION, INC.
COMPONENT UNIT - STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014

ASSETS		
Cash and Cash Equivalents	$	327,223
Investements, at Fair Value		9,559,685
Accrued Interest and Dividends Receivable		15,249
Other Assets		2,014
TOTAL ASSETS	**$**	**9,904,171**
LIABILITIES		
Accounts Payable	$	2,667
TOTAL LIABILITIES		2,667
NET ASSETS		
Unrestricted		107,096
Temporarily Restricted		7,605,169
Permenantly Restricted		2,189,239
TOTAL NET ASSETS		**9,901,504**
TOTAL LIABILITIES AND NET ASSETS	**$**	**9,904,171**

The accompanying notes are an intergral part of this financial statement.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(Dollars in Thousands)

OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $3,654	$	6,328
Federal grants and contracts		469
State grants and contracts		2,605
Local grants and contracts		10
Nongovernmental grants and contracts		360
Sales and services of educational departments		532
Auxiliary enterprises, net of scholarship allowances of $40		67
Other operating revenues (including revenue from outsourced enterprise of $107)		771
Total operating revenues		11,142
OPERATING EXPENSES		
Salaries and wages		11,410
Benefits		2,844
Scholarships and fellowships		4,735
Utilities		626
Supplies and other services		5,377
Depreciation		994
Assessments by the Commission for operations		108
Service agreement expense to West Virginia University		250
Other operating expenses		4
Total operating expenses		26,348
OPERATING LOSS		(15,206)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		10,230
Gifts		8
Federal Pell grants		7,236
Investment income		18
Interest on capital asset-related debt		(66)
Fees assessed by the Commission for debt service		(3)
Other nonoperating revenues - net		2
Net nonoperating revenues		17,425
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES		2,219
Payments made and expenses incurred on behalf of WVU Parkersburg		45
INCREASE IN NET POSITION		2,264
NET POSITION--BEGINNING OF YEAR		27,140
NET POSITION--END OF YEAR	$	29,404

See notes to financial statements.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

WVU AT PARKERSBURG FOUNDATION, INC.
COMPONENT UNIT - STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ -	$ 1,077,804	$ -	$ 1,077,804
Interest and Dividend Income	4,306	184,163	-	188,469
Net Realized and Unrealized Gains (Losses) on Investments	23,350	580,325	366,070	969,745
Net Assets Released from Restrictions	176,854	(176,854)	-	-
TOTAL REVENUES, GAINS, AND AND OTHER SUPPORT	**204,510**	**1,665,438**	**366,070**	**2,236,018**
EXPENSES				
School Support:				
Grants and Scholarships	121,426	-	-	121,426
Student Activities	13,477	-	-	13,477
Faculty and Staff Development	19,925	-	-	19,925
Capital Projects and Campus Improvements	32,782	-	-	32,782
Capital Campaign Consulting Services	28,134	-	-	28,134
Other Expenses	22,579	-	-	22,579
Total School Support	**238,323**			**238,323**
Administrative:				
Salaries and Benefits	14,934	-	-	14,934
Trust Fees	42,991	-	-	42,991
Professional Fees	11,550	-	-	11,550
	7,239	-	-	7,239
Total Administrative	**76,714**	**-**	**-**	**76,714**
TOTAL EXPENSES	**315,037**	**-**	**-**	**315,037**
CHANGE IN NET ASSETS	**(110,527)**	**1,665,438**	**366,070**	**1,920,981**
NET ASSETS AT BEGINNING OF YEAR	**217,623**	**5,939,731**	**1,823,169**	**7,980,523**
NET ASSETS AT END OF YEAR	**$ 107,096**	**$ 7,605,169**	**$ 2,189,239**	**$ 9,901,504**

The accompanying notes are an integral part of this financial statement.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(Dollars in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	6,966
Grants and contracts		1,766
Payments to suppliers		(4,708)
Payments to employees		(11,520)
Payments for benefits		(2,721)
Payments to utilities		(616)
Payments for scholarships and fellowships		(4,784)
Auxiliary enterprise receipts		67
Sales and service of educational departments		532
Payments of operating expenses to West Virginia University		(250)
Other receipts		300
Net cash used in operating activities		(14,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		10,010
Gifts		8
Federal Pell grants		7,233
Fees assessed by the Commission for debt service		(3)
Other nonoperating receipts		4
Cash provided by noncapital financing activities		17,252
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets		(2,781)
Principal paid on capital debt and leases		(177)
Interest paid on capital debt and leases		(114)
Principal paid on loan from Commission		(80)
Capital bond proceeds from Commission		45
Proceeds from loan from Commission		435
Cash used in capital financing activities		(2,672)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		18
Cash provided by investing activities		18
DECREASE IN CASH AND CASH EQUIVALENTS		(370)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		14,239
CASH AND CASH EQUIVALENTS - END OF YEAR	$	13,869

(continued)

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014
(Dollars in Thousands)

Reconciliation of net operating loss to net cash used in operating activities:

Operating loss	$	(15,206)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense		994
Changes in assets and liabilities:		
Accounts receivable, net		673
Due from the Council/Commission		139
Prepaid expenses		8
Inventories		1
Accounts payable		373
Accrued liabilities		(56)
Unearned revenue		(1,655)
Due to the Council/Commission		(231)
Compensated absences		(8)
Net cash used in operating activities	$	(14,968)
Noncash Transactions:		
Capitalization of interest	$	48
Other post employment benefits liability	$	54

See notes to financial statements.

1. ORGANIZATION

West Virginia University at Parkersburg ("Parkersburg") is governed by the West Virginia University at Parkersburg Board of Governors (the "Board"). The Board was established by House Bill 3215 ("H.B. 3215").

During fiscal year 2008, H.B. 3215 was passed which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical colleges of West Virginia University (the "University") established their own Boards of Governors.

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 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.

The West Virginia Council for Community and Technical College Education (the "Council") (two year education) and the West Virginia Higher Education Policy Commission (the "Commission") (four year and post graduate education) collectively comprise the West Virginia Higher Education Fund. Both the Council and the Commission were legislatively created under Senate Bill No. 448 and Senate Bill No. 653, respectively.

The Council is responsible for developing, overseeing and advancing the State's public policy agenda as it relates to community and technical college education. The Council is comprised of 12 persons appointed by the Governor with the advice and consent of the Senate.

The University provides Parkersburg with administrative and academic support services under a service agreement.

As a requirement of Governmental Accounting Standards Board (GASB) standards, Parkersburg has included information from WVU at Parkersburg Foundation, Inc. (the "Foundation").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Parkersburg have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of Parkersburg's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

a. *Reporting Entity* — Parkersburg is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. Parkersburg is a separate entity which, along with all State institutions of higher education, the Council and the Commission (which includes West Virginia Network for Educational Telecomputing (WVNET)) 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 WVU at Parkersburg Foundation, Inc. (the "Foundation") is not part of the Parkersburg reporting entity and is not consolidated in the accompanying financial statements since Parkersburg has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for fiscal matters of the Foundation under GASB. The accompanying financial statements present all funds under the authority of Parkersburg. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Parkersburg's ability to significantly influence operations and accountability for fiscal matters of related entities.

   In accordance with GASB, the audited financial statements of the Foundation are presented here as a discrete component unit with the Parkersburg financial statements for the fiscal year ended June 30, 2014. The Foundation is a separate, private, nonprofit organization that reports under FASB standards. 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 audited financial information as it is presented herein (See Note 17).

b. *Basis of Accounting* — For financial reporting purposes, Parkersburg is considered a special-purpose government engaged only in business-type activities. Accordingly, Parkersburg's 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 are reported when materials or services are received.

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

   Cash on deposit with the West Virginia Treasurer's Office (the "Treasurer") is invested in the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool with the West Virginia Board of Treasury Investments (BTI). The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

   Cash and cash equivalents also include cash in bank accounts and cash on hand.

d. *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 Treasurer, but are obligations of the State.

e. *Accounts Receivable* — Accounts receivable primarily includes amounts due from students for tuition and fees, amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables.

f. *Allowance for Doubtful Accounts* — It is Parkersburg's policy to provide for future losses on uncollectible accounts receivable based on an evaluation of the underlying account, the historical collectibility experienced by Parkersburg on such balances, and such other factors which, in Parkersburg's judgment, require consideration in estimating doubtful accounts.

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

h. *Noncurrent Cash and Cash Equivalents* — Cash that is (1) externally restricted to make debt service payments or (2) to purchase capital or other noncurrent assets is classified as a noncurrent asset in the statement of net position.

i. *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. The capital assets transferred in were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, infrastructure, and land improvements, 3 to 15 years for furniture, equipment, and library books. Parkersburg's capitalization threshold for equipment is $5,000.

j. *Unearned Revenue* — Revenue for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as tuition, orientation fees, financial aid deposits, and advance payments on sponsored awards.

k. *Compensated Absences and Other Post Employment Benefits (OPEB)* — GASB provides for the measurement, recognition, and display of 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 post employment benefits for the State of West Virginia (the "State"). Parkersburg is 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 and its stand-alone financial statements can be obtained by contacting the West Virginia 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.

   GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable. Parkersburg'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, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, 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 on or after July 1, 2001 will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple employer, cost sharing plan sponsored by the State (See Note 7).

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. Faculty hired after July 1, 2009 will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010 receive no health insurance premium subsidy from Parkersburg. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense incurred for vacation leave or OPEB benefits is recorded as a component of benefits expense on the statement of revenues, expenses, and changes in net position.

l. *Noncurrent Liabilities* — Noncurrent liabilities include (1) notes payable and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for OPEB liability and other liabilities that will not be paid within the next fiscal year.

m. *Net Position* — GASB establishes standards for external financial reporting for public colleges and universities and require that the financial statements be presented on a basis to focus on Parkersburg as a whole. The components of net position are classified according to external donor restrictions or availability of assets for satisfaction of Parkersburg's obligations. Parkersburg's components of net position are classified as follows:

- *Net investment in capital assets* — This represents Parkersburg's total investment in capital assets, net of accumulated depreciation and 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 net investment in capital assets, net of related debt.

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

The West Virginia Legislature (the "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 fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of Parkersburg. These restrictions are subject to change by future actions of the Legislature. At June 30, 2014, Parkersburg had no restricted balances remaining in these funds.

- *Restricted, nonexpendable* — This includes endowment and similar type funds 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.

- *Unrestricted* — This includes resources that are not subject to externally imposed stipulations. Such resources represent resources derived from student tuition and fees (not restricted as to use), state appropriations and sales and services of educational activities. This component is used for transactions relating to the educational and general operations of Parkersburg, and may be designated for specific purposes by action of the Board.

n. *Classification of Revenues* — Parkersburg 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.

  Other operating revenues include revenue from leasing of Parkersburg's academic bookstore and retail store to Barnes & Noble College Bookstores, Inc., rental fees, commissions, and other miscellaneous revenues.

- *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, such as state appropriations, Federal Pell grants, investment income and sale of capital assets (including natural resources).

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

o. *Use of Restricted Net Position* — Parkersburg 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 components of net position are available. Generally, Parkersburg attempts to utilize restricted components of net position first when practicable. Parkersburg did not have any designated components of net position as of June 30, 2014.

p. *Scholarship Allowances* — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by Parkersburg, 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 University Business Officers (NACUBO). Certain aid, such as loans and funds provided to students as awarded by third parties, 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 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.

q. *Federal Financial Assistance Programs* — Parkersburg makes loans to students under the Federal Stafford Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like Parkersburg. Federal Stafford loan receivables are not included in Parkersburg's statement of net position, as the loans are repayable directly to the U.S. Department of Education. Parkersburg made awards of $6.3 million in fiscal year 2014 under the Federal Stafford Loan Program on behalf of the U.S. Department of Education; these amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net position.

   Parkersburg distributes 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 financial statements. In fiscal year 2014, Parkersburg received and disbursed approximately $7.3 million under these federal student aid programs.

r. *Government Grants and Contracts* — Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. Parkersburg 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 three years.

s. *Income Taxes* — Parkersburg 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.

t. *Deferred Outflows of Resources* — Consumption of net position by Parkersburg that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position.

u. *Deferred Inflows of Resources* — Acquisition of net position by Parkersburg that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position.

v. *Risk Management* — The State's Board of Risk and Insurance Management (BRIM) provides general liability, property and auto insurance coverage, to Parkersburg and its employees. Such coverage is provided to Parkersburg by BRIM through a self-insurance program maintained by BRIM for general liability and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed $1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.

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

w. *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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

x. *Risks and Uncertainties* — Parkersburg utilizes various investment instruments that are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements and accompanying notes.

y. *Newly Adopted Statements Issued by the GASB* – The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 31, 2013. This statement provides guidance on measurement and reporting of combinations and disposals of government operations. The adoption of this statement did not have a material impact on the financial statements.

During fiscal year 2014, Parkersburg also adopted Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after June 15, 2013. This statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. In addition, the Statement requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization; (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation; (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The adoption of this statement did not have a material impact on the financial statements.

z. *Recent Statements Issued by the GASB* – The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal years beginning after June 15, 2014. This statement enhances the information provided in the financial statements regarding the effects of pension-related transactions, the pension obligations of the entity, and the resources available to satisfy those obligations. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

The GASB also issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* This statement addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Parkersburg has not yet determined the effect that the adoption of GASB Statement No. 71 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30, 2014 (dollars in thousands):

Cash on deposit with the Treasurer	$ 13,679
Cash in Bank	189
Cash on Hand	1
	$ 13,869

Cash on deposit with the Treasurer. Amounts with the Treasurer as of June 30, 2014 are comprised of three investment pools, the WV Money Market Pool, the WV Government Money Market Pool and the WV Short Term Bond Pool.

Cash in Bank. The carrying amount of cash in the bank at June 30, 2014 was approximately $189,000 as compared with the bank balance of approximately $217,000. The difference is primarily caused by outstanding checks and items in transit. Bank accounts are FDIC insured up to $250,000 per Federal Employer Identification Number and they are collateralized by securities held by the bank in the name of the State.

Cash on Hand. Imprest funds approved by the Treasurer comprise the cash on hand.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30, 2014:

External Pool	Carrying Value (In Thousands)	S & P Rating
WV Money Market Pool	$ 1,096,118	AAAm
WV Government Money Market Pool	238,981	AAAm
WV Short Term Bond Fund	773,600	Not Rated

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.

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 amounts with the State Treasurer are subject to interest rate risk.

The following table provides information on the weighted-average maturities for the WV Money Market Pool and the WV Governmental Money Market Pool as of June 30, 2014:

External Pool	Carrying Value (In Thousands)	WAM (Days)
WV Money Market Pool	$ 1,960,118	36
WV Government Money Market Pool	238,981	37

The following table provides information on the effective duration for the WV Short Term Bond Pool as of June 30, 2014:

External Pool	Carrying Value (In Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	$ 773,600	407

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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Parkersburg will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Parkersburg's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market's funds total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Parkersburg has no securities with foreign currency risk.

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2014 (dollars in thousands):

Student tuition and fees, net of allowances for doubtful accounts of $337	$	256
Grants and contracts receivable		201
Due from other State agencies		72
Other		5
	$	534

5. CAPITAL ASSETS

Balances and changes in capital assets were as follows at June 30, 2014 (dollars in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 913	$ 399	$ -	$ 1,312
Construction in progress	1,318	2,057	(836)	2,539
Total capital assets not being depreciated	$ 2,231	$ 2,456	$ (836)	$ 3,851
Other capital assets:				
Land improvements	$ 473	$ -	$ -	$ 473
Buildings	31,697	876	-	32,573
Equipment	2,784	321	(2)	3,103
Library books	2,097	15	-	2,112
Software	6	-	-	6
Infrastructure	1,805	-	-	1,805
Total other capital assets	38,862	1,212	(2)	40,072
Less accumulated depreciation for:				
Land improvements	(81)	(32)	-	(113)
Buildings	(10,553)	(649)	-	(11,202)
Equipment	(1,654)	(239)	2	(1,891)
Library books	(2,006)	(26)	-	(2,032)
Software	(2)	(1)	-	(3)
Infrastructure	(1,683)	(47)	-	(1,730)
Total accumulated depreciation	(15,979)	(994)	2	(16,971)
Other capital assets, net	$ 22,883	$ 218	$ -	$ 23,101
Capital Assets Summary:				
Capital assets not being depreciated	$ 2,231	$ 2,456	$ (836)	$ 3,851
Other capital assets	38,862	1,212	(2)	40,072
Total cost of capital assets	41,093	3,668	(838)	43,923
Less accumulated depreciation	(15,979)	(994)	2	(16,971)
Capital assets, net	$ 25,114	$ 2,674	$ (836)	$ 26,952

Parkersburg 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.

Parkersburg capitalized interest on borrowings, net of interest earned on related debt of approximately $48,000 during fiscal year 2014.

6. LONG-TERM LIABILITIES

Balances and changes in long-term liabilities were as follows at June 30, 2014 (dollars in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other post employment benefits liability	$ 4,665	$ 54	$ -	$ 4,719	
Note payable to West Virginia University	2,909	-	(177)	2,732	$ 214
Notes payable to the Commission	280	435	(80)	635	167
Total long-term liabilities	$ 7,854	$ 489	$ (257)	$ 8,086	

7. OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2014, 2013, and 2012, the noncurrent liability related to OPEB was $4,718,851, $4,664,851, and $4,601,584, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees were $494,194 and $440,194 respectively, during 2014, $1,693,282 and $367,603, respectively, during 2013, and $1,693,282 and $367,603, respectively, during 2012. As of the years ended June 30, 2014, 2013, and 2012, there were 33, 33, and 32 retirees, respectively, receiving these benefits.

8. LEASES PAYABLE

a. *Operating*—Future annual minimum lease payments on operating leases for years subsequent to June 30, 2014 are as follows (dollars in thousands):

Fiscal Year Ending June 30,	
2015	$ 60
2016	19
2017	12
2018	1
Total	$ 92

Total rent expense for these operating leases for the year ended June 30, 2014 was approximately $107,000. Parkersburg does not have any non-cancelable leases.

b. *Capital* — Parkersburg did not have any capital leases at June 30, 2014.

9. NOTES PAYABLE

In 2008, the University entered into an agreement with Siemens Building Technologies, Inc. to perform Phase II of the Energy Performance contract. The contract was to install certain energy enhancement equipment in buildings on the University's campuses, including Parkersburg. The cost of the contract was financed with a lease purchase agreement between the University and Suntrust Leasing Corporation ("Suntrust").

Beginning in fiscal year 2009, when Parkersburg became a separate entity from the University, the Parkersburg portion of the Energy Performance Phase II lease purchase was reported on Parkersburg's statement of net position as a lease payable.

During fiscal year 2012, the University issued the 2011 Series B and C bonds which in part paid off the Energy Performance Phase II lease purchase with Suntrust. After the bonds were issued, an agreement was entered into between the University and Parkersburg wherein Parkersburg agreed to continue to pay the University based on their portion of the original amortization schedule for the lease purchase with Suntrust. This source of funds is internally assigned by the University to pay the 2011 Series B and C bonds.

The original amount of the note related to Parkersburg was $3,316,991 with an interest rate of 3.98%. The term of the note was 16 years with the last payment due in January 2024. The new agreement between the University and Parkersburg used the same terms. The outstanding note payable at June 30, 2014 was $2,731,913. Interest incurred during fiscal year 2014 was $113,661 and is recorded as interest on capital asset-related debt on the statement of revenues, expenses, and changes in net position.

The scheduled maturities of this note payable are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2015	$	214
2016		236
2017		259
2018		277
2019		276
2020-2024		1,470
	$	2,732
Current Portion		214
Noncurrent Portion	$	2,518

In 2011, Parkersburg received a loan of $400,000 from the Commission for the purpose of making improvements to the W. T. Grant building located in downtown Parkersburg, WV. The term of the note was 5 years with the last payment due in July 2017. The loan is interest free and payments are due semi-annually. The outstanding note payable at June 30, 2014 was $200,000.

The scheduled maturities of this note payable are as follows (dollars in thousands):

Fiscal Year Ending June 30,		Principal
2015	$	80
2016		80
2017		40
	$	200
Current Portion		80
Noncurrent Portion	$	120

In 2014, Parkersburg received a loan of $435,000 from the Commission for an air quality and abatement project at the administration building. The term of the note was 5 years with the last payment due in February 2019. The loan is interest free and payments are due semi-annually. The outstanding note payable at June 30, 2014 was $435,000.

The scheduled maturities of this note payable are as follows (dollars in thousands):

Fiscal Year Ending June 30,		Principal
2015	$	87
2016		87
2017		87
2018		87
2019		87
	$	435
Current Portion		87
Noncurrent Portion	$	348

10. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

Parkersburg is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, Parkersburg is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of Parkersburg'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 within the Council. Financing for these facilities was provided through revenue bonds issued by either the former Board of Regents, the former University System of West Virginia, the former State College System of West Virginia or the former Interim Governing Board (collectively, 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 issued 2004 Series B Higher Education Facilities Revenue Bonds (the "HEPC 2004 B Bonds") in August 2004 to provide funds for capital improvements at institutions of higher education throughout the State's universities and colleges, including Parkersburg. In June 2012, a portion of the HEPC 2004 Bonds were advance refunded by the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and Revenue Bonds (Higher Education Facilities) 2012 Series B Bonds (the "HEPC 2012 Bonds"). The HEPC 2004 B Bonds and the HEPC 2012 Bonds are secured by the pledge of higher education institutions' tuition and registration fees as well as excess lottery revenues. The HEPC 2004 B Bonds and the HEPC 2012 Bonds are considered an indirect obligation of Parkersburg and the principal amount of the bonds related to Parkersburg is not reported as a payable to the Commission.

During December 2009, the Commission, on behalf of the Council, issued $78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the "2009 Bonds"). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds proposes bond funding of $6,000,000 for Parkersburg. As of June 30, 2014 and June 30, 2013, respectively, $6,331,969 (including interest income) and $6,286,969 has been recognized by Parkersburg. State Lottery funds will be used to repay the debt.

11. UNRESTRICTED NET POSITION

Parkersburg did not have any designated unrestricted components of net position as of June 30, 2014.

Total unrestricted net position before OPEB liability	$	10,391
Less: OPEB liability		4,719
Total unrestricted net position	$	5,672

12. RETIREMENT PLANS

Substantially all full-time employees of Parkersburg 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 Parkersburg 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 (Educators Money). New hires have the choice of either plan.

The STRS is a cost sharing, defined benefit public retirement system. Employer and employee contribution rates are established annually by the Legislature. The contractual maximum contribution rate is 15%. Parkersburg 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, 2014. Required employee contributions are at the rate of 6% of total annual salary for the year ended June 30, 2014. 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 five years salary out of the last 15 years) multiplied by the number of years of service.

The contribution rate is set by the Legislature on an overall basis, and STRS does not perform a calculation of the contribution requirement for individual employers, such as Parkersburg. 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, 4101 MacCorkle Avenue S.E., Charleston, WV 25304-1636.

Contributions to the STRS for each of the last three fiscal years were approximately as follows:

Fiscal Year Ending June 30,	**Parkersburg**	**Employees**	**Total**
2014	$ 18,000	$ 7,000	$ 25,000
2013	18,000	7,000	25,000
2012	17,000	7,000	24,000

The TIAA-CREF and Educators Money are defined contribution plans in which benefits are based upon amounts contributed plus investment earnings. Each employee who elects to participate in these plans is required to make a contribution equal to 6% of total annual compensation. Parkersburg simultaneously matches the employees' 6% contribution. Contributions are immediately and fully vested.

Contributions to the TIAA-CREF for each of the last three fiscal years were approximately as follows:

Fiscal Year Ending June 30,	**Parkersburg**	**Employees**	**Total**
2014	$ 573,000	$ 573,000	$ 1,146,000
2013	571,000	571,000	1,142,000
2012	564,000	564,000	1,128,000

Contributions to the Educators Money for each of the last three fiscal years were approximately as follows:

Fiscal Year Ending June 30,	Parkersburg	Employees	Total
2014	$ 9,000	$ 9,000	$ 18,000
2013	15,000	15,000	30,000
2012	16,000	16,000	32,000

Parkersburg's total payroll for the years ended June 30, 2014, 2013, and 2012, was approximately $11.4 million, $11.4 million, and $11.5 million, respectively, and total covered employees' salaries in the STRS, TIAA-CREF and Educators Money were approximately $121,000, $9.6 million, and $149,000 in fiscal year 2014, $120,000, $9.5 million and $252,000 in fiscal year 2013, and $111,000, $9.4 million, and $274,000 in fiscal year 2012, respectively.

13. COMMITMENTS

Parkersburg has outstanding contractual commitments for construction and improvement of facilities of $564,000 at June 30, 2014.

14. WVU AT PARKERSBURG FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State that has as its purpose "to provide, encourage and assist in the development and growth of Parkersburg and to render service and assistance to Parkersburg, its faculty, students, and alumni, and to the citizens of the State of West Virginia." Oversight of the Foundation is the responsibility of an independently elected Board of Directors, not otherwise affiliated with Parkersburg. In carrying out its responsibilities, the Board of Directors of the Foundation forms policy and maintains fiscal accountability over funds administered by the Foundation. The Foundation's financial statements are discretely presented as part of Parkersburg's financial statements, as the net position of the Foundation are "entirely or almost entirely" for the use of Parkersburg, in accordance with GASB standards.

During the year ended June 30, 2014, the Foundation contributed $121,400 to Parkersburg for grants and scholarships.

15. CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against colleges and universities 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 Parkersburg would not impact seriously on the financial status of Parkersburg.

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. Management believes disallowances, if any, would not have a significant financial impact on Parkersburg's financial position.

Parkersburg owns various buildings that are known to contain asbestos. Parkersburg is not required by Federal, State or Local Law to remove the asbestos from its buildings. Parkersburg is required by Federal Environmental, Health and Safety Regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. Parkersburg also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

16. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION
(Dollars in Thousands)

Parkersburg's operating expenses by functional and natural classification are as follows:

	Year Ended June 30, 2014 Natural Classification									
Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Assessments by the Commission	Other Operating Expenses	Service Agreement Expense	Total
Instruction	$ 7,815	$ 1,811	$ -	$ 15	$ 2,249	$ -	$ -	$ -	$ -	$ 11,890
Public Service	1	-	-	-	2	-	-	-	-	3
Academic Support	415	111	-	-	164	-	-	-	-	690
Student Services	805	235	-	1	341	-	-	-	-	1,382
Operation and Maintenance of Plant	637	237	-	609	564	-	-	-	-	2,047
General Institutional Support	1,616	416	-	-	2,026	-	-	4	-	4,062
Student Financial Aid	-	-	4,735	-	-	-	-	-	-	4,735
Auxiliary Enterprises	121	34	-	1	31	-	-	-	-	187
Depreciation	-	-	-	-	-	994	-	-	-	994
Assessments by Commission for Operations	-	-	-	-	-	-	108	-	-	108
Service Agreement Expense	-	-	-	-	-	-	-	-	250	250
Total Expenses	$ 11,410	$ 2,844	$ 4,735	$ 626	$ 5,377	$ 994	$ 108	$ 4	$ 250	$ 26,348

17. COMPONENT UNIT'S DISCLOSURES — FOUNDATION

The following are the notes taken directly from the audited financial statements of the Foundation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and organization - The WVU at Parkersburg Foundation, Inc. (the Foundation) is a non-profit corporation organized under the laws of the State of West Virginia. The purpose of the Foundation is to "provide, encourage, and assist in the development and growth of West Virginia University at Parkersburg and to render service and assistance to the University, its faculty, students and alumni, and to the citizens of the State of West Virginia."

Basis of accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when they are incurred, whether or not cash is received or paid out at that time.

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

Classification of net assets – 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 transactions and balances are classified into three categories of net assets.

Unrestricted net assets are neither temporarily nor permanently restricted by donor-imposed stipulations. Unrestricted net assets are maintained and distributed at the discretion of the Foundation's Board of Directors.

Temporarily restricted net assets consist of contributions restricted by donor-restricted stipulations which will either expire by the passage of time or by action of the Foundation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent contributions with donor-imposed restrictions which do not expire.

Endowment investment and spending policies - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies work together to achieve this objective.

The Foundation's investment objectives are: to maintain the purchasing power of its funds by preserving the real (after inflation) value of its assets; to provide the maximum flow of funds for scholarships, grant making, and operating expenses; and to ensure that an average net return is provided that at least matches or exceeds widely used comparison indices as they pertain to each asset allocation class.

To satisfy its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are obtained through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation's investment managers shall consider the long and short term needs of the Foundation in carrying out its charitable purposes, its present and anticipated financial requirements as have been communicated to them by the Foundation's representatives, expected total return on the Foundation's investments, price level trends, and general economic conditions. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return.

For the Foundation's spending policy, the Foundation's Investment Committee annually reviews expected long-term investment returns, economic conditions, projected inflation, and fees. Based on the review, recommendations for the spending rate are developed and forwarded to the Finance Committee for approval.

The base calculation for the recommended level of distribution is as follows:

- Expected average long-term investment return
- Less the anticipated annualized fees
- Less an assumed long-term annual inflation impact
- Equals a base distribution rate

The rate will be applied to the average of the portfolio market value for the last 3 years ending December 31.

The calculated base distribution rate may be considered a "neutral" point for unitized payout: At this level, the account's principal should grow over the long-term at or about the inflation rate and maintain purchasing power of principal. Similarly, the income stream for the current distributions should grow at or about the rate of inflation.

Income tax status - By a letter issued December 15, 1963, the Internal Revenue Service has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to federal and state income taxes on its exempt purpose activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes,* which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the years ended June 30, 2014 and 2013, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under the new rules. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's returns for years ending on or after June 30, 2011 remain subject to examination.

Cash and cash equivalents - For purposes of the statements of cash flows, the Foundation considers all cash accounts and all highly liquid instruments available for current use with an original maturity of three months or less, which are not held for long-term investment and are not subject to withdrawal restrictions or penalties, to be cash and cash equivalents.

Investments - The Foundation maintains its funds in a pooled investment account. Income of the investment pool is distributed based on the percentage relationship of the individual fund balance to the total of the fund balances involved. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law. Quoted market values are updated daily for equities and mutual funds with bonds being updated ate each month end. The Foundation does not require collateral to secure its investments.

The Foundation carries investments with readily determinable market values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

To facilitate the observance of the general intent of contributions and bequests, the Foundation maintains separate trust and/or fund accounts.

Contributions and grants - Contributions received by the Foundation are recorded at their fair market values on the date of such gifts and reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Grants made by the Foundation are recorded in the financial statements at the time the grants are approved by the Board of Directors of the Foundation. Payments are made when requested by the grantee.

Advertising - It is the policy of the Foundation to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2014 and 2013 were $4,136 and $1,295, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and uncertainties - The Foundation invests in various instruments, including fixed income, stocks, mutual funds, and real assets that, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position, and the realized and unrealized gains/(losses) on the statements of activities.

Date of management's review of subsequent events - Management has evaluated subsequent events through October XX, 2014, the date which the financial statements were available to be issued.

Reclassification of prior year's statements – Certain amounts in the 2013 financial statements, as previously presented, have been reclassified to conform with the 2014 presentation. The reclassifications had no effect on net assets or the change in net assets.

NOTE 2 - INVESTMENTS

Investments are stated at estimated fair value in the financial statements. The following is an analysis of the composition of the Foundation's investments as of June 30, 2014 and 2013:

	June 30,	
	2014	2013
Investments, at fair value		
Mutual funds	$ 7,185,803	$ 5,708,349
U.S. government and corporate bonds	992,820	823,117
Stocks	1,381,062	1,064,821
Other investments	-	8,306
Total investments, at fair-value	$ 9,559,685	$ 7,604,593

NOTE 3 - FAIR VALUE MEASUREMENTS

Determination of fair value - The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

Fair value hierarchy - In accordance with this guidance, the Foundation groups its financial assets generally measured at fair value in three levels, based on markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 1 assets generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets and liabilities measured on a recurring basis as of June 30, 2014 are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds:				
Alternative strategies	$ 1,674,344	$ 1,674,344	$ -	$ -
Domestic equity	2,903,361	2,903,361	-	-
Fixed income	948,012	948,012	-	-
International equity	1,660,086	1,660,086	-	-
Total mutual funds	7,185,803	7,185,803	-	-
U.S. government and corporate bonds:				
Consumer discretionary	107,431	-	107,431	-
Energy	49,895	-	49,895	-
Financials	355,060	-	355,060	-
Healthcare	104,184	-	104,184	-
Telecommunication services	25,255	-	25,255	-
U.S. government and government agencies	326,174	176,588	149,586	-
Utilities	24,821	-	24,821	-
Total corporate bonds	992,820	176,588	816,232	-
Stocks:				
Consumer discretionary	70,417	70,417	-	-
Consumer staples	215,936	215,936	-	-
Energy	143,301	143,301	-	-
Financials	282,032	142,032	140,000	-
Healthcare	144,752	144,752	-	-
Industrials	76,585	76,585	-	-
Information technology	308,024	308,024	-	-
Telecommunication services	70,119	70,119	-	-
Utilities	69,896	69,896	-	-
Total stocks	1,381,062	1,241,062	140,000	-
Total investments	$ 9,559,685	$ 8,603,453	$ 956,232	$ -

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets and liabilities measured on a recurring basis as of June 30, 2013 are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds:				
Alternative strategies	$ 1,592,296	$ 1,592,296	$ -	$ -
Domestic equity	2,200,005	2,200,005	-	-
Fixed income	683,880	683,880	-	-
International equity	1,232,168	1,232,168	-	-
Total mutual funds	5,708,349	5,708,349	-	-
Corporate bonds:				
Consumer discretionary	105,624	-	105,624	-
Energy	53,996	-	53,996	-
Financials	307,092	-	307,092	-
Healthcare	102,397	-	102,397	-
U.S. government and government agencies	254,008	106,703	147,305	-
Total corporate bonds	823,117	106,703	716,414	-
Stocks:				
Consumer discretionary	55,440	55,440	-	-
Consumer staples	95,167	95,167	-	-
Energy	101,893	101,893	-	-
Financials	255,895	115,895	140,000	-
Healthcare	56,937	56,937	-	-
Industrials	122,360	122,360	-	-
Information technology	213,273	213,273	-	-
Telecommunication services	45,949	45,949	-	-
Utilities	117,907	117,907	-	-
Total stocks	1,064,821	924,821	140,000	-
Total other investments	8,306	-	8,306	-
Total investments	$ 7,604,593	$ 6,739,873	$ 864,720	$ -

NOTE 4 - RESTRICTIONS ON NET ASSETS

	June 30, 2014	June 30, 2013
Temporarily restricted net assets available for grants, scholarships, and other donor-designated purposes	$ 7,605,169	$ 5,939,731
Permanently restricted net assets to be held in perpetuity	$ 2,189,239	$ 1,823,169

NOTE 5 - ENDOWED FUNDS

Professional standards contained in the Not-For-Profit Entities – Presentation of Financial Statements Topic of the Financial Accounting Standard Board (FASB) Codification provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006, (UPMIFA), including guidance pertaining to disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of West Virginia adopted UPMIFA effective March 5, 2008. The financial statements for the years ended June 30, 2014 and 2013 were prepared in accordance with UPMIFA and Accounting Standards Codification (ASC) 958. The Foundation is governed subject to its corporate bylaws and most contributions are subject to the terms specified by the Foundation. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Under the terms of the governing documents, and agreements with donors, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine.

At this time, all of the endowed funds were created from donations restricted for scholarships or other expenses for the benefit of the University under either permanent endowment or under temporary restrictions from agreements with donors. The pooled investment fund presented on the statements of financial position is an exclusive pooled fund of the WVU at Parkersburg Foundation, Inc., created and managed for the endowed funds by a bank trust department. From time to time throughout the year, the various endowment funds purchase or sell equivalent unit shares in the pooled investment fund based on the cash and liquidity needs for each of the funds. The non-endowed funds are held in cash accounts and income liquid assets funds.

NOTE 5 - ENDOWED FUNDS (Continued)

A summary of the net assets of the endowed and non-endowed funds and net changes therein consisted of the following from June 30, 2012 through June 30, 2014:

	Endowed Net Assets	Non-Endowed Net Assets	Total Net Assets
Balance as of June 30, 2012	$ 7,026,666	$ 330,959	$ 7,357,625
Contributions	175,750	192,962	368,712
Interest and dividends	169,325	5,809	175,134
Net realized and unrealized (gains) and losses	531,727	16,991	548,718
Distributions	(352,757)	(116,909)	(469,666)
Balance as of June 30, 2013	7,550,711	429,812	7,980,523
Contributions	970,183	107,621	1,077,804
Interest and dividends	161,330	27,139	188,469
Net realized and unrealized (gains) and losses	915,489	54,256	969,745
Distributions	(231,454)	(83,583)	(315,037)
Balance as of June 30, 2014	$ 9,366,259	$ 535,245	$ 9,901,504

Contributions for the creation of new endowment funds under the “Building Toward Endowment Program” are classified as Non-Endowed Restricted Net Assets until such time as the new fund reaches the required amount in effect at the time of the creation of the fund to be reclassified as an endowment fund.

A reconciliation of endowed net assets with restricted and unrestricted net assets is as follows at June 30, 2014 and 2013:

	June 30, 2014	June 30, 2013
Endowed restricted net assets	$ 9,366,259	$ 7,550,711
Non-endowed restricted net assets	428,149	212,189
Unrestricted net assets	107,096	217,623
Total net assets	$ 9,901,504	$ 7,980,523

NOTE 6 - RELATED PARTY TRANSACTIONS

The Foundation was organized to provide service and assistance to West Virginia University at Parkersburg. The Foundation reimburses the University for scholarships, faculty and staff development costs, the president's fund, and certain equipment and supply expenditures that are approved by the Foundation in the form of grants and scholarships. Services provided to the West Virginia University at Parkersburg for the years ended 2014 and 2013 were $152,544 and $87,161, respectively.

In addition to these monetary transactions, the University provides immaterial amounts for office space, use of office equipment, and accounting services to the Foundation at no charge, the fair value of which is immaterial to these financial statements.

During the years ended June 30, 2014 and 2013, United Bank received $42,991 and $37,731, respectively, for fiduciary fees to maintain the trust accounts.

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*

Board of Governors
West Virginia University at Parkersburg
Parkersburg, West Virginia

We have audited, in accordance with the 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 financial statements of the business-type activities, and the discretely presented component units of West Virginia University at Parkersburg, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise West Virginia University at Parkersburg's basic financial statements, and have issued our report thereon dated January 27, 2015. Our report includes a reference to other auditors who audited the financial statements of West Virginia University at Parkersburg Foundation, Inc. The financial statements of the West Virginia University at Parkersburg Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Virginia University at Parkersburg's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Virginia University at Parkersburg's internal control. Accordingly, we do not express an opinion on the effectiveness of West Virginia University at Parkersburg's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal* control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2014-001 and 2014-002 to be material weaknesses.

Board of Governors
West Virginia University at Parkersburg

Compliance and Other Matters

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

West Virginia University at Parkersburg's Responses to Findings

West Virginia University at Parkersburg's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. West Virginia University at Parkersburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 27, 2015

Material Weaknesses

2014-001: Material Audit Adjustments

Condition: During the performance of our audit procedures, we assisted the University in recording material adjustments to beginning net position, inventory, capital assets, accounts payable and tuition revenue. These adjustments were necessary to ensure the financial statements are fairly stated.

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the financial statements in conformity with U.S. generally accepted accounting principles (GAAP).

Effect: The adjustments that were recorded during the audit were material to the financial statements.

Recommendation: We recommend management implement procedures and processes to ensure all necessary adjustments are recorded to the financial statements prior to the start of the audit and to ensure transactions are recorded in their correct year.

Corrective Action Plan: The University will make changes around its process for recognition of transactions to ensure they are properly recorded in the correct period. Part of the procedures is to ensure that a physical inventory is performed annually to ensure the actual inventory balance is recorded as of fiscal year-end.

2014-002: Lack of Segregation of Duties and Documentation of Review Performed

Condition: During our audit procedures we noted the following areas, should have their current procedures and processes analyzed, where there is room for enhancements to improve the control systems.

Journal Entries

During our testing of journal entries, it was noted journal entries which are posted by a third party university, do not appear to have a consistent review process in place to ensure journal entries made are proper.

Reconciliation of Goods Received purchased with P-Cards

During our testing of P-card disbursements, it was noted there are review processes in place for P-card disbursements before items are purchased. However, when items are received, there does not appear to have procedures in place to reconcile the P-card with the items received. This reconciliation process is essential to ensure the items ordered and received with P-cards are tracked and delivered to respective department. This process will also assist in ensuring employees are properly using the University's P-Cards.

2014-002: Lack of Segregation of Duties and Documentation of Review Performed (Continued)

Condition (Continued):

General Disbursements Approval

During our testing of disbursements, it was noted that one purchase requisition was approved by the individual preparing the purchase requisition. Additionally, it was further noted the invoice relating to this requisition was not readily available.

Criteria: An essential part of internal control is that established policies and procedures be designed to properly segregate the duties and the results of their performance be adequately reviewed. This is normally accomplished by assigning duties so that 1) no one person handles a transaction from beginning to end, and 2) incompatible duties between functions are not handled by the same person. In addition, a review of these completed duties should be performed by an individual independent of those functions.

Effect: The procedures in place result in a lack of segregation of duties.

Recommendation: We recommend the following based on the various areas noted as follows:

Journal Entries

We recommend the University implement policies and procedures to ensure all journal entries whether posted by the University's third party or internally. These policies and procedures should include procedures related to, but not limited to preparing and reviewing entries and who is responsible for maintaining the underlying supporting documentation.

Reconciliation of Goods Received purchased with P-Cards

We recommend the University implement a reconciliation process that involves reconciling the items received with the P-card transaction and to ensure the items purchased are for proper business purposes.

General Disbursements Approval

We recommend the University review their procedures to ensure there is proper segregation of duties and responsibilities between individuals in the purchasing process, including but not limited to the preparation, review, and authorization of purchase requisitions. Additionally, we recommend that the University ensure that all documents are kept on file so as to provide support of purchases being made.

Corrective Action Plan: The University has started to review and make changes based on recommendations provided during the audit. They will continue to review existing procedures and policies to ensure the best cost-effective segregation of duties is achieved.