GLENVILLE STATE COLLEGE

Glenville, West Virginia

Combined Financial Statements and
Additional Information for the Years
Ended June 30, 2013 and 2012 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Glenville State College (the "College") which comprise the combined statements of net position as of June 30, 2013 and 2012, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these combined financial statements based on our audits. We did not audit the financial statements of the Glenville State College Foundation, Incorporated (the "Foundation"), a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the Foundation, is based solely on the report of such auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Foundation's financial statements, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 audits and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit of the College as of June 30, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the College early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

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 3-11 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined 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 combined financial statements, and other knowledge we obtained during our audit of the combined 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the College's internal control over financial reporting and compliance.

Hayflich Grigoraci PLLC

Huntington, West Virginia
November 15, 2013

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management's Discussion and Analysis
Fiscal Years 2013, 2012, and 2011

About Glenville State College

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

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,900 students, the College has a student to faculty ratio of 19 to 1. The College's enrollment is made up of many first generation students with approximately 90% of the students coming from West Virginia counties.

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

Overview of the Combined Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its combined financial statements for the fiscal years 2013 and 2012. The following management discussion and analysis provides an overview of the financial position and activities of the College for the years ended June 30, 2013, 2012, and 2011.

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

Financial Highlights

Current, non-current, net capital and total assets all reflected substantial increases. Operating, non-operating, and total revenues each increased while related expenditures decreased. Current liabilities increased due to obligations to construction contractors and monthly payments of principal and interest. Non-current liabilities increased due to the loan for the energy savings projects. The College continued receiving significant funding through various operational and research grants.

Net Position

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

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

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

Condensed Combined Schedules of Net Position
For the Years Ended June 30, 2013, 2012 and 2011

Assets	**2013**	**2012**	**2011**	**% Change**
Current assets	$ 7,043,187	$ 3,129,424	$ 4,760,731	125.06%
Non-current assets	8,963,490	2,212,312	2,478,882	305.16%
Capital assets, net	73,878,614	61,279,381	61,662,637	20.56%
Total Assets	89,885,291	66,621,117	68,902,250	34.92%
Deferred outflows of resources	1,966,546	2,606,005	1,764,884	(24,54%)
Total	$91,851,837	$ 69,227,122	$ 70,667,134	32.68%
Liabilities				
Current liabilities	$ 7,629,609	$ 3,241,837	$ 3,312,825	13535%
Non-current liabilities	46,649,743	44,398,734	43,363,061	6.88%
Total Liabilities	54,279,352	47,640,571	46,675,886	16.11%
Deferred inflows of resources	-	-	-	N/A
Total	$ 54,279,352	$ 47,640,571	$ 46,675,886	13.94%

Net Position				
Net investment in capital assets	$ 32,740,749	$ 22,605,543	$ 22,280,100	44.84%
Restricted – expendable	8,199,905	3,455,753	3,495,486	137.28%
Unrestricted	(3,368,169)	(4,474,745)	(2,264,915)	24.73%
Total Net Position	$ 37,572,485	$ 21,586,551	$ 23,991,248	74.06%
Total Liabilities, Deferred Inflows, and Net Position	$ 91,851,837	$69,227,122	$ 70,667,134	32.68%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was .92, .97, and 1.44 as of June 30, 2013, 2012, and 2011, respectively.

Significant Changes in Net Position

At June 30, 2013, the College's total net position increased from the previous year by $15,985,934. Current cash and cash equivalents increased by $870,467.

Non-current assets, consisting of non-current cash and cash equivalents and deferred outflows from derivative instruments increased by $6,118,498. This was primarily a result of capital funds on hand to be used for the construction of the Waco Center, energy savings projects, and other capital improvement projects.

Net capital assets increased approximately $12,599,233 due primarily to capital improvement projects. Principal on the Mollohan Campus Community Center bonds, Science Building bonds, Goodwin Hall bonds, and system-wide debt assigned by the HEPC were reduced $61,399, $99,250, $340,099, and $51,803 respectively.

Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented on the Combined Statements of Net Position, are based on the activities presented in the Combined Statements of Revenues, Expenses, and Changes in Net Position ("SRECNP"). The purpose of the SRECNP is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains and losses of the College.

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

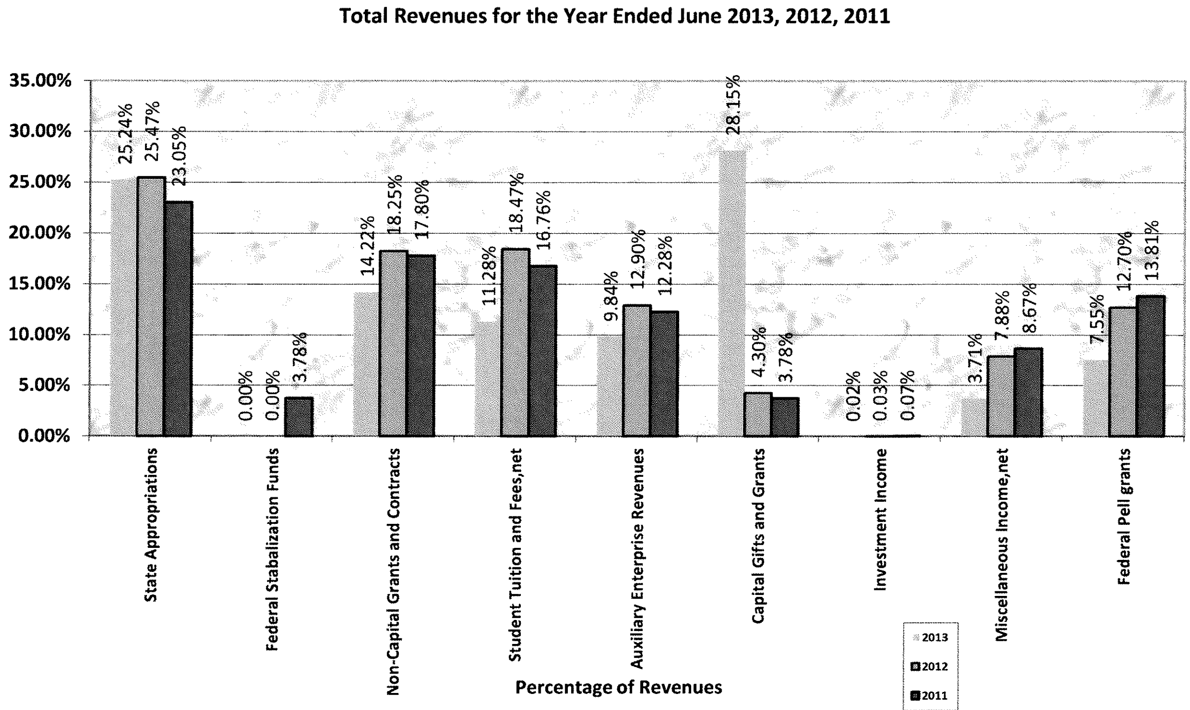
Condensed Combined Schedules of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2013, 2012, and 2011

	2013	2012	2011	% Change
Operating revenues	$ 17,340,369	$ 16,018,829	$14,867,897	8.25%
Operating expenses	26,706,581	28,515,119	27,187,513	(6.34%)
Operating loss	(9,366,212)	(12,496,290)	(12,319,616)	25.05%
Non-operating Revenues	10,565,258	10,643,916	10,905,190	(0.01%)
Non-operating Expenses	1,715,732	1,751,450	1,728,072	(2.04%)
Net Non-operating revenues	8,849,526	8,892,466	9,177,118	(0.01%)
Income (loss) before other revenues, expenses, gains or losses	(516,686)	(3,603,824)	(3,142,498)	85.66%
Capital Projects Proceeds	10,315,957	595,893	1,012,300	1,631.18%
Capital Gifts and Grants	6,186,663	603,234	-	925.58%
Increase in net position	15,985,934	(2,404,697)	(2,130,198)	764.78%
Net position, beginning of year	21,586,551	23,991,248	26,121,446	(10.02%)
Net position, end of year	$37,572,485	$21,586,551	$23,991,248	74.06%

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

Revenues:

	2013	2012	2011	% Change
Program revenues (by major source)				
Tuition & fees before allowances	$ 7,899,218	$ 8,163,110	$ 7,190,265	(3.23%)
Less: scholarship discounts & allowances	(2,888,448)	(3,021,548)	(2,701,070)	(4.41%)
Research grants & contracts	6,312,788	5,085,212	4,769,068	24.14%
Auxiliary enterprise sales & services, net	4,369,825	3,595,551	3,288,609	21.53%
Miscellaneous	1,646,986	2,196,504	2,321,025	(25.02%)
General revenues (by major source)				
State appropriations	7,206,804	7,097,804	6,174,510	1.54%
Capital appropriations from the	4,000,000			N/A
Federal Stabilization Funds			514,639	
Federal ARRA Funds			500,000	
Federal Pell grants	3,351,405	3,538,833	3,698,039	(5.30%)
Investment income	7,049	7,279	18,002	(3.16%)
Capital grants and gifts	12,502,620	1,199,127	1,012,300	942.64%
Total Revenues	$44,408,247	$ 27,861,872	$ 26,785,387	59.39%



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

- Student tuition and fees (net of scholarship allowance) made up 28.90% of the College's operating revenues and 11.28% of total revenues. Resident and non-resident tuition and fees increased 9.49% and 8.68%, respectively. However, tuition and fee revenues decreased over the previous year as a result of a decrease in enrollment.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, and miscellaneous revenues comprised 63.49%, 56.06%, and 60.19% of the College's total revenues in FY 2013, FY 2012 and FY 2011, respectively. FY 2013 grant awards included receipts of $231,521 from the US Department of Education, $115,950 from the Department of Justice, and $1,716,217 in West Virginia Higher Education scholarship programs. Federal Revenues, non-operating, consisted of $3,351,405 in PELL Grants received and distributed for student financial aid and made up 7.55% of the College's total revenues.

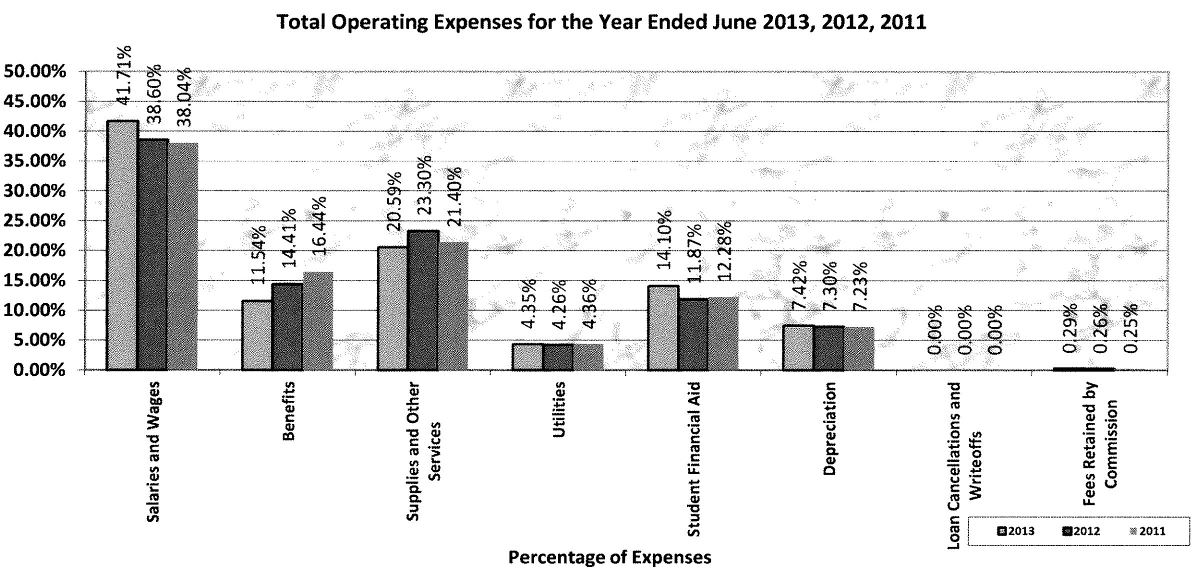
- State appropriated general revenue funds in the amount of $7,206,804 accounted for 16.23% of total revenues in FY 2013 compared to 25.47% in FY2012 and 23.05% in FY 2011. These appropriations are used to pay salaries and benefits in support of the operations of the College.

- Investment income decreased by $230 or 3.16% from FY2012 to FY2013. This revenue source made up 0.02%of total revenues in FY 2013 compared to 0.03% in FY2012 and 0.07% in FY 2011. The College participates in the investment pool managed by the State.

Operating and Non-operating Expenses:

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

	2013	2012	2011	% Change
Salaries and wages	$ 11,140,763	$ 11,006,246	$ 10,343,177	1.22%
Benefits	3,081,627	4,109,565	4,471,059	(25.01%)
Supplies and other services	5,498,049	6,642,725	5,819,632	(17.23%)
Utilities	1,162,427	1,214,932	1,185,748	(4.32%)
Student financial aid, scholarships and fellowships	3,764,582	3,385,686	3,339,345	11.19%
Depreciation	1,982,428	2,082,465	1,959,465	(4.80%)
Loan cancellations and write-offs			730	
Fees retained by Commission for operations	76,705	73,500	68,357	4.36%
Total Operating Expenses	$ 26,706,581	$28,515,119	$ 27,187,513	(6.34%)



- Salaries and wages, and employee benefits made up approximately 53.25% of the operating expenses of the College in FY 2013 compared to 53.01% in FY2012, and 54.48% in FY 2011.

- Utility costs in FY 2013 were $1,162,427, a decrease of 4.32% from FY 2012 and a decrease of 1.97% from FY 2011. These costs represented 4.35% of the FY2013 operating expenses compared to 4.26% in FY2012 and 4.36% in FY 2011.

- Scholarship and fellowship expenses increased $378,896 or 11.19% from FY 2012 and 12.73% from FY2011. They represented 14.10%, 11.87% and 12.28% of the total operating expenses in FY 2013, FY 2012, and FY 2011, respectively.

Non-operating expenses consisted primarily of interest on indebtedness $1,697,499, an increase of .43% from FY 2012. Also included are fees assessed by the HEPC for system-wide debt service $11,204.

Cash Flows

The Combined Statements of Cash Flows presents detailed information about the cash activities of the College during the year. These statements assist the users in analyzing the College's ability to generate net cash flows, meet obligations as they come due, and determining its need for external financing.

The Statement of Cash Flows is divided into five parts:

1) *Cash flows from operating activities.* This section shows the net cash used by the operating activities of the College.

2) *Cash flows from non-capital financing activities.* This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

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

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

5) *Reconciliation of net operating loss to net cash used in operating activities.* This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities to the operating loss reflected in the SRECNP.

Condensed Combined Schedules of Cash Flows
For the Years Ended June 30, 2013, 2012, and 2011

	2013	2012	2011	% Change
Cash provided by (used in):				
Operating activities	$ (7,361,198)	$ (9,179,351)	$ (8,720,665)	19.81%
Non capital financing activities	10,558,209	10,636,637	10,723,402	(0.73%)
Capital financing activities	(2,333,520)	(2,963,213)	(2,605,894)	21.25%
Investing activities	6,976	5,647	18,500	23.53%
(Decrease) increase in cash and cash equivalents	870,467	(1,500,280)	(584,657)	158.02%
Cash and cash equivalents, beginning of year	2,352,992	3,853,272	4,437,929	(38.94%)
Cash and cash equivalents, end of year	$ 3,223,459	$ 2,352,992	$ 3,853,272	36.99%

Capital Asset and Debt Administration

The College had capital asset additions of $14,581,661, $1,699,209, and $11,827,362 for the years ended June 30, 2013, 2012, and 2011, respectively.

- In FY2013, the College began a campus-wide energy savings program addressing upgrades to lighting, HVAC controls, window replacements, and other improvements to generate energy efficiencies. In addition, construction continued on the $27M Waco Center, formerly referred to as the Pioneer Center.

- In FY2012, the College began construction of the Waco Center, a facility that will house an expanded Natural Resource Center, a community and campus health care facility, and a new home for athletic administration, indoor sports, and coaches' offices.

- In FY2011, the College completed the following capital projects: renovation of the Morris Criminal Justice Training Center, construction of Goodwin Hall, a new 484 bed residence hall facility, a $500k upgrade to campus HVAC systems and controls, and a new roof on the Fine Arts building.

Economic Outlook

The Glenville State College administration is optimistic about the institution's fiscal outlook. Student enrollment continues seven consecutive years of growth, revenues show a steady increase, and capital asset growth continues.

The College's increasing student enrollment, 1,850 in Fall 2013, results from recruitment efforts targeting tradition and non-traditional students:

- In West Virginia, the College has targeted first-generation and moderate-income students who—because this cohort is less likely to attend college—constitute a significant market in West Virginia, which ranks 50th in the nation for residents holding postsecondary degrees. The College's signature program, the Hidden Promise Consortium, is an innovative collaboration between the College and thirty-seven central West Virginia school districts committed to increasing the college-going rates of high school graduates. Mentoring specially-selected first generation students from the eighth grade through high school graduation has resulted in enrollment of more than 150 Hidden Promise Scholars, students not obviously predicted for college enrollment.
- The College has also initiated a College Completion Center which, in cooperation with college faculty, offer mentoring and support services to increase student retention.
- Out-of-state enrollment from counties neighboring West Virginia continues to increase as a result of the Metro Fee implemented in Fall 2009 which reduces out-of-state tuition,. In addition, the Board of Governors recently approved a new scholarship program targeted toward out-of-state first generation students.
- An increased emphasis on off-campus programming offers high school students dual-credit offerings, corrections officers across the state with a criminal justice degree program, and FCI Gilmer inmates with a business associates degree. Glenville State College is now the training site for the Regional Jail Authority, Division of Juvenile Services, and Division of Corrections. In conjunction with these entities, Glenville State students in the corrections track of the criminal justice program will have the opportunity to complete corrections training generally available only to practitioners. Through a special appropriation from the State, the College will build upon the existing articulation agreement to provide degree completion opportunities.

The WV Legislature passed a bond bill, Senate Concurrent Resolution No. 41, during the 2010 legislative session that authorizes the issuance of revenue bonds for capital improvements to College facilities, buildings and structures. Glenville State will use its $11 million share of the funding to help construct the Waco Center, a facility that will house an expanded Natural Resource Center, a community and campus health care facility, and a new home for athletic administration, indoor sports, and coaches' offices.

Goodwin Hall, a $25 million 484 bed residence hall located on campus, was completed and fully operational for the Spring 2011 semester. This modern residence hall facility offers private and semi private rooms and amenities demanded by the contemporary college student.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

ASSETS AND DEFERRED OUTFLOWS	2013	2012 As Amended See Note 2
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,223,459	$ 2,352,992
Accounts receivable—net	3,716,258	693,576
Loans to students—current portion	4,360	3,023
Inventories	99,110	70,054
Prepaid Expense		9,779
Total current assets	7,043,187	3,129,424
NONCURRENT ASSETS:		
Cash and cash equivalents	8,963,490	2,212,312
Capital assets - net	73,878,614	61,279,381
Total noncurrent assets	82,842,104	63,491,693
TOTAL ASSETS	89,885,291	66,621,117
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	108,466	115,245
Interest rate swap agreement	1,858,080	2,490,760
Total deferred outflows of resources	1,966,546	2,606,005
TOTAL	$91,851,837	$69,227,122

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2013	2012 As Amended See Note 2
CURRENT LIABILITIES:		
Accounts payable	$ 4,774,809	$ 722,093
Accrued liabilities	1,061,830	1,031,643
Due to the Commission		8,695
Compensated absences—current portion	408,937	386,845
Unearned revenue	59,860	96,584
Total bonds, capital leases, and notes payable—current portion	1,270,846	944,174
Higher Education Policy Commission debt payable—current portion	53,327	51,803
Total current liabilities	7,629,609	3,241,837
NONCURRENT LIABILITIES (Note 6)	46,649,743	44,398,734
Total liabilities	54,279,352	47,640,571
DEFERRED INFLOWS OF RESOURCES:		
TOTAL	54,279,352	47,640,571
NET POSITION:		
Net Investment in capital assets	32,740,749	22,605,543
Restricted for:		
Loans	56,959	50,045
Capital projects	6,350,846	870,899
Debt service	1,448,888	2,255,388
Other	343,212	279,421
Unrestricted	(3,368,169)	(4,474,745)
Total net position	37,572,485	21,586,551
TOTAL	$91,851,837	$69,227,122

See notes to combined financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS:	
Cash and Cash Equivalents	$ 83,617
Marketable Investments, at fair value	11,893,512
Bequests and Contributions Receivable	704,313
Other Assets	1,365
Fixed Assets	42,428
Land and other assets held for investment	704,914
TOTAL ASSETS	$ 13,430,149
LIABILITIES AND NET ASSETS	
LIABILITIES:	
College Support Payable	$ 1,588,935
TOTAL LIABILITIES	1,588,935
NET ASSETS:	
Unrestricted	993,795
Temporarily restricted	3,727,818
Permanently restricted	7,119,601
TOTAL NET ASSETS	11,841,214
TOTAL LIABILITIES AND NET ASSETS	$ 13,430,149

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012 As Amended See Note 2
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $2,888,448 and $3,021,548)	$ 5,010,770	$ 5,141,562
Contracts and grants:		
Federal	912,077	1,624,059
State	2,435,347	2,204,900
Private	2,965,364	1,256,253
Sales and services of educational activities	710,560	1,161,411
Auxiliary enterprise revenue (net of scholarship allowance of $2,113,133 and $1,774,387)	4,369,825	3,595,551
Miscellaneous—net	936,426	1,035,093
Total operating revenues	17,340,369	16,018,829
OPERATING EXPENSES:		
Salaries and wages	11,140,763	11,006,246
Benefits	3,081,627	4,109,565
Supplies and other services	5,498,049	6,642,725
Utilities	1,162,427	1,214,932
Student financial aid—scholarships and fellowships	3,764,582	3,385,686
Depreciation	1,982,428	2,082,465
Fees assessed by the Commission for operations	76,705	73,500
Total operating expenses	26,706,581	28,515,119
OPERATING LOSS	(9,366,212)	(12,496,290)

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012 As Amended See Note 2
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 7,206,804	$ 7,097,804
Federal Pell grants	3,351,405	3,538,833
Investment income	7,049	7,279
Interest on indebtedness	(1,697,499)	(1,690,164)
Fees assessed by the Commission for debt service	(11,204)	(11,203)
Other non-operating expenses	(7,029)	(30,671)
Net nonoperating revenues	8,849,526	8,911,878
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(516,686)	(3,584,412)
CAPITAL APPROPRIATIONS FROM THE STATE	4,000,000	
CAPITAL AND BOND PROCEEDS FROM THE COMMISSION	6,315,957	595,893
CAPITAL GIFTS (PRIVATE)	6,186,663	603,234
INCREASE (DECREASE) IN NET POSITION	15,985,934	(2,385,285)
NET POSITION—Beginning of year (As Amended)	21,586,551	23,971,836
NET POSITION—End of year	$ 37,572,485	$ 21,586,551

See notes to combined financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, AND OTHER SUPPORT				
Bequests and Contributions	$ 69,566	$ 4,212,555	$ 161,410	$ 4,443,531
Investment Income	99,661	211,092		310,753
Realized Gains on Investments	12,441	116,501		128,942
Unrealized Gains on Investments	69,491	441,285		510,776
Increase in Cash Surrender Value		36,023		36,023
Net Assets Released from Restrictions:				
Purpose Restrictions Accomplished	6,413,215	(6,413,215)		
Total revenues, gain and other support	6,664,374	(1,395,759)	161,410	5,430,025
EXPENSES:				
Expenditures for the Benefit of Glenville State College	5,983,572			5,983,572
Scholarships	435,937			435,937
Salaries and Wages	106,126			106,126
Legal, Consulting, Accounting	29,647			29,647
Investment Management Fee	57,602			57,602
Miscellaneous	1,655			1,655
Promotions and Publications	34,288			34,288
Office Expense	5,148			5,148
Travel and Advancement	8,680			8,680
Memberships and Subscriptions	698			698
Insurance	2,867			2,867
Depreciation	14,200			14,200
Meals and Meetings	300			300
Annual Fund Expense	9,086			9,086
Alumni Expenses	10,331			10,331
Database Management	10,881			10,881
Total expenses	6,711,018			6,711,018
CHANGE IN NET ASSETS	(46,644)	(1,395,759)	161,410	(1,280,993)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED (SEE NOTE 11)	1,040,439	5,123,577	6,958,191	13,122,207
NET ASSETS AT END OF YEAR	$ 993,795	$ 3,727,818	$ 7,119,601	$ 11,841,214

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 4,154,928	$ 4,308,999
Contracts and grants	6,620,385	4,048,703
Payments to and on behalf of employees	(14,057,504)	(13,660,565)
Payments to suppliers	(5,628,546)	(5,928,420)
Payments to utilities	(1,193,787)	(1,155,110)
Payments for scholarships and fellowships	(3,234,353)	(2,899,395)
Loans issued to students	(33,183)	(35,941)
Collection of loans to students	34,607	38,694
Sales and service of educational activities	710,881	1,243,512
Auxiliary enterprise charges	4,329,248	3,707,019
Fees assessed by the Commission for operations	(76,705)	(73,500)
Other receipts and payments—net	1,012,831	1,226,653
Net cash used in operating activities	(7,361,198)	(9,179,351)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,206,804	7,097,804
Federal Pell grants	3,351,405	3,538,833
William D. Ford direct lending receipts	7,318,316	7,493,427
William D. Ford direct lending payments	(7,318,316)	(7,493,427)
Net cash provided by noncapital financing activities	10,558,209	10,636,637
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(10,331,233)	(2,754,590)
Debt service paid to Commission	(96,762)	
Non-operating fees retained by the Commission	(11,204)	(11,203)
Principal paid on notes, bonds and leases	(984,781)	(2,440,049)
Interest paid on notes, bonds and leases	(1,638,339)	(1,365,638)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	(6,751,178)	
Bond and loan proceeds	4,097,507	2,420,400
Bond Administration Fees	(250)	(11,260)
Capital proceeds from the State	4,000,000	
Capital and bond proceeds from the Commission	4,834,993	595,893
Capital gifts and grants	4,547,727	603,234
Net cash used in capital financing activities	(2,333,520)	(2,963,213)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	6,976	5,647
Net cash provided by investing activities	6,976	5,647
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	870,467	(1,500,280)
CASH AND CASH EQUIVALENTS—Beginning of year	2,352,992	3,853,272
CASH AND CASH EQUIVALENTS—End of year	$ 3,223,459	$ 2,352,992

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (9,366,212)	$ (12,496,290)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,982,428	2,082,465
Changes in assets and liabilities:		
Accounts receivable—net	47,201	(53,691)
Loans to students—net	(1,337)	1,027
Prepaid expenses	9,779	29,337
Inventories	(29,056)	(28,592)
Accounts payable	(151,572)	205,326
Accrued liabilities and due to the Commission	59,252	(85,653)
Compensated absences	125,043	1,202,417
Unearned revenue	(36,724)	(35,697)
NET CASH USED IN OPERATING ACTIVITIES	$ (7,361,198)	$ (9,179,351)
NONCASH TRANSACTIONS:		
Capitalized interest	$ 48,011	$
Property additions in accounts payable	$ 4,204,288	$

See notes to combined financial statements.

(Concluded)

1. ORGANIZATION

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

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

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

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the Glenville State College Foundation, Inc.

Although the College benefits from the activities of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to the College. Third parties dealing with the College, the Board, and the State of West Virginia (the "State") (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The combined financial statement presentation required by GASB provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

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

The accompanying combined financial statements present all funds under the authority of the College, including its blended component units, Glenville State College Research Corporation (the "Corporation"), which was formed on December 10, 1990 as a nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit corporation. The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College's combined financial statements in accordance with GASB. 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 they are presented herein (see Note 18).

Financial Statement Presentation—GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole. The components of net position are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's components of net position are classified as follows:

- *Net Investment in Capital Assets*—This represents the College's total investment in capital assets, net of 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 the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

  The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature.

- *Restricted—nonexpendable*—This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College did not have any restricted nonexpendable components of net position at June 30, 2013 and 2012, respectively.

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

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

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts three of which the Commission may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

Appropriations Due from Primary Government—For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State. These revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Appropriations which remain undrawn at the end of the year may be drawn through the thirty–first day of July after the end of the year for which the appropriation is made.

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

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

Noncurrent Cash, Cash Equivalents, and Investments—Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) permanently restricted net assets, are classified as noncurrent assets in the accompanying combined statements of net assets.

Capital Assets—Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. The College capitalized interest of $48,011 and $0 as part of the cost of assets for the years ended June 30, 2013 and 2012, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for equipment, 7 years for library books, and 3 years for furniture. The College's capitalization threshold is $5,000. The accompanying combined financial statements reflect all adjustments required by GASB.

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

Derivative instruments—Derivative instruments consist primarily of interest rate swap agreements and are stated at fair value based on discounted cash flows.

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 postemployment benefits for the State. The College 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. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, 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 July 1, 2001, or later 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.

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 the College. 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 and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense in the combined statements of revenues, expenses, and changes in net positions.

Deferred Outflows of Resources — Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. Deferred outflows consist of the deferred loss on refunding, which is accreted over the periods of the refunding bond issue, and the interest rate swap agreement.

Deferred Inflows of Resources — An acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. The College did not have any deferred inflows of resources at June 30, 2013 or 2012.

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

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

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

Classification of Revenues—The College has classified its revenues according to the following criteria:

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

- *Nonoperating Revenues*—Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB such as state appropriations, Federal Pell Grants, and investment income and sale of capital assets (including natural resources).

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

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

Federal Financial Assistance Programs—The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions such as the College. Direct student loan receivables are not included in the College's balance sheets as the loans are repayable directly to the U.S. Department of Education. In 2013 and 2012, the College received and disbursed $7,318,316 and $7,493,427, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net position.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent "SMART" Grant, and Teacher Education Assistance for College and Higher Education "TEACH" Grant, Supplemental Educational Opportunity Grant and College, and Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2013 and 2012, the College received and disbursed $3,467,673 and $3,763,777, respectively, under these federal student aid programs.

Scholarship Allowances—Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' 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, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the combined financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

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

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

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

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

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

Reclassifications — Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 classifications.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board — The College has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The adoption of this statement did not have a material impact on the financial statements.

The College has early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of this statement resulted in the addition of Deferred Inflows and Deferred Outflows in the Statements of Net Position. See "Early Adoption of GASB No 65" section below for further description of the amendments.

The College has early adopted Statement No. 66, *Technical Corrections — 2012: An Amendment of GASB Statements No. 10 and No. 64.* This statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements. The adoption of this statement did not have a material impact on the financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board — 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. The College has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

The GASB has also 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 College has not yet determined the effect that the adoption of GASB Statement No. 69 may have on its financial statements.

The GASB also issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after June 15, 2013. Early application is encourage. 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 College has not yet determined the effect that the adoption of GASB Statement No. 70 may have on its financial statements.

Early Adoption of GASB No 65—

As required with the adoption of GASB Statement No. 65 as discussed above, the College's financial statements have been amended from the amounts previously reported as described below. Such changes relate to presenting deferred losses on refundings from notes, capital leases, and bonds payable to deferred outflows of resources in the amount of $115,245, removing bond issuance costs previously recorded as other assets to other nonoperating expenses in the amount of $480,577, and presenting the fair value of the interest rate swap agreement as a deferred inflow and deferred outflow. The cumulative effect on the net position as of the earliest period presented was $499,989.

	As Previously Reported	Statement of Net Position Effect	Statement of Revenues, Expenses, And Changes in Net Position Effect	As Amended
Deferred financing costs - current	$ 19,412	$ (19,412)	$ -	$ -
Deferred financing costs - noncurrent	480,577	(480,577)		-
Deferred outflows from hedging	2,490,760	(2,490,760)		
Deferred outflows of resources		2,606,005		2,606,005
Bonds payable - current	937,395	6,779		944,174
Noncurrent liabilities	44,290,268	108,466		44,398,734
Net investment in capital assets	23,086,120	(480,577)		22,605,543
Interest on indebtedness	1,709,576		(19,412)	1,690,164
Loss before other revenues, expenses, gains or losses	(3,603,824)		19,412	(3,584,412)
Net position - beginning of year	24,471,825	(499,989)		23,971,836
Net position - end of year	22,067,128	(480,577)		21,586,551

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2013 and 2012, was held as follows:

	2013		
	Current	Noncurrent	Total
State Treasurer	$ 2,095,668	$ 5,501,327	$ 7,596,995
Municipal Bond Commission	297,145		297,145
Trustee		3,357,253	3,357,253
Banks	830,646	104,910	935,556
	$ 3,223,459	$ 8,963,490	$ 12,186,949

	2012		
	Current	Noncurrent	Total
State Treasurer	$ 1,712,858	$ 1,064,490	$ 2,777,348
Municipal Bond Commission	296,875		296,875
Trustee		1,147,822	1,147,822
Banks	343,259		343,259
	$ 2,352,992	$ 2,212,312	$ 4,565,304

Amounts held by the State Treasurer includes $5,813,137 and $1,327,665 of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others as of June 30, 2013 and 2012, respectively.

Amounts held by the Municipal Bond Commission or Trustee represent funds reserved for various project revenue, debt service, other repair and replacement reserve funds required to be escrowed by various bond trust indentures, and proceeds from the 2009 Housing Revenue Bonds (see Note 6) that is restricted for construction of capital assets.

The combined carrying amount of cash in the bank was $830,646 and $343,259, as compared with the combined bank balance of $951,778 and $629,984 at June 30, 2013 and 2012, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2013 and 2012, are comprised of the following investment pools:

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

WV Money Market Pool — Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended June 30, 2013 and 2012, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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

At June 30, 2013 and 2012, the WV Money Market Pool investments had a total carrying value of $2,495,868,000 and $2,786,968,000, respectively, of which the College's ownership represents 0.29% and 0.10%, respectively.

WV Government Money Market Pool — Credit Risk — For the years ended June 30, 2013 and 2012, the WV Government Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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

At June 30, 2013 and 2012, the WV Government Money Market Pool investments had a total carrying value of $287,184,000 and $299,629,000, respectively, of which the College's ownership represents 0.02% and 0.01%, respectively.

WV Short Term Bond Pool:

Credit Risk— The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P-1 by Moody's. Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's and Aaa by Moody's. As this pool has not been rated, the following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

	Credit Rating*		2013		2012	
Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset-backed securities	Aaa	AAA	$ 53,681	8.72 %	$ 95,628	18.99 %
	Aaa	NR *	59,810	9.71	38,524	7.64
	B1	CCC **			896	0.18
	B3	BB **			311	0.06
	B3	BBB- **			53	0.01
	B3	CCC **			280	0.06
	Ca	CCC **	308	0.05	586	0.12
	Ca	D **	95	0.02		
	Caa1	CCC **	932	0.15		
	Caa2	CCC **			186	0.04
	Caa3	CCC **			243	0.05
	Caa3	D **	367	0.06	26	0.01
	Caa3	NR **	24	0.00		
	NR	AAA	37,411	6.07		
	NR	AA+	2,514	0.41	3,900	0.77
	NR *	NR *	3,819	0.62	3,786	0.75
			158,961	25.81	144,419	28.68
Corporate bonds and notes	Aa2	AA+	3,002	0.49	9,025	1.79
	Aa2	AA	12,731	2.07		
	Aa2	AA-	9,192	1.49		
	Aa3	AA-	33,034	5.36	15,666	3.11
	Aa3	A+	11,693	1.90		
	Aa3	A			23,032	4.57
	A1	AA+	13,295	2.16		
	A1	AA	4,118	0.67	12,145	2.41
	A1	A+	47,500	7.71	30,684	6.09
	A1	A	13,522	2.19		
	A2	A+	9,348	1.52		
	A2	A	47,709	7.75	39,064	7.76
	A2	A-	5,052	0.82		
	A3	A-	7,986	1.30	7,755	1.54
	A3	BBB+			3,006	0.60
	Baa1	A- **	2,416	0.39	4,162	0.83
	Baa2	A- **	6,959	1.13	6,709	1.33
			227,557	36.95	151,248	30.03
U.S. agency bonds	Aaa	AA+	9,986	1.62	45,024	8.94
U.S. Treasury notes***	Aaa	AA+	140,154	22.76	44,251	8.79
U.S. agency mortgage backed securities****	Aaa	AA+	73,692	11.97	77,065	15.30
Money market funds	Aaa	AAAm	5,457	0.89	41,610	8.26
			$615,807	100 %	$503,617	100 %

* NR = Not Rated

** The securities were not in compliance with BTI Investment Policy at June 30, 2013 and/or 2012. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

*** U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

**** U.S. agency mortgage backed securities are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2013 and 2012, the College's ownership represents 0.09% for both years, of these amounts held by the BTI.

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

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

	2013		2012	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 229,326	3	$ 90,204	3
U.S. Treasury notes	279,755	132	330,865	122
U.S. Treasury bills	34,993	77	237,978	37
Commercial paper	970,395	43	853,470	35
Certificates of deposit	259,000	66	110,000	10
U.S. agency discount notes	445,784	47	738,706	44
Corporate bonds and notes	10,000	60	36,000	48
U.S. agency bonds/notes	66,603	139	189,691	68
Money market funds	200,012	1	200,054	1
	$2,495,868	52	$2,786,968	46

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

	2013		2012	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 101,500	3	$ 91,900	3
U.S. Treasury notes	50,112	103	103,324	111
U.S. Treasury bills	4,999	76	4,999	62
U.S. agency discount notes	125,474	67	76,397	52
U.S. agency bonds/notes	5,000	34	23,004	9
Money market funds	99	1	5	1
	$ 287,184	50	$ 299,629	54

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

	2013		2012	
Security Type	**Carrying Value (In thousands)**	**Effective Duration (Days)**	**Carrying Value (In thousands)**	**Effective Duration (Days)**
U.S. Treasury bonds/notes	$ 140,154	491	$ 44,251	366
Corporate bonds/notes	227,557	293	151,248	242
Corporate asset-backed securities	158,961	471	144,419	250
U.S. agency bonds/notes	9,986	583	45,024	23
U.S. agency mortgage-backed securities	73,692	60	77,065	13
Money market funds	5,457	1	41,610	1
	$ 615,807	358	$ 503,617	180

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

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

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

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2013 and 2012:

	2013	2012
Student tuition and fees, net of allowance for doubtful accounts of $1,719,452 and $1,405,351 respectively	$ 296,217	$ 241,477
Due from Primary Government	1,480,964	
Due from other State agencies	6,520	22,195
Due from Federal Government	227,872	128,428
Due from the Foundation	1,588,935	
Other accounts receivable, net of allowance for doubtful accounts of $0 and $794,602, respectively	115,750	301,476
	$ 3,716,258	$ 693,576

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2013 and 2012:

	2013				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 976,432	$ 13,000	$ -	$ -	$ 989,432
Construction In Progress	2,152,380	14,339,400			16,491,780
Total capital assets not being depreciated	$ 3,128,812	$ 14,352,400	$ -	$ -	$ 17,481,212
Other capital assets:					
Land improvements	$ 2,389,609	$ -	$ -	$ -	$ 2,389,609
Infrastructure	1,521,123	39,500			1,560,623
Buildings	74,854,976	50,000			74,904,976
Equipment	8,701,345	59,768	(48,016)		8,713,097
Library books	1,684,878	17,512	(8,455)		1,693,935
Leasehold improvements	69,755	62,481			132,236
Total other capital assets	89,221,686	229,261	(56,471)	-	89,394,476
Less accumulated depreciation for:					
Land improvements	1,339,476	94,620			1,434,096
Infrastructure	1,388,853	16,635			1,405,488
Buildings	20,879,854	1,317,837			22,197,691
Equipment	5,857,461	511,519	(48,016)		6,320,964
Library books	1,593,847	33,001	(8,455)		1,618,393
Leasehold improvements	11,626	8,816			20,442
Total accumulated depreciation	31,071,117	1,982,428	(56,471)	-	32,997,074
Other capital assets—net	$ 58,150,569	$ (1,753,167)	$ -	$ -	$ 56,397,402
Capital asset summary:					
Capital assets not being depreciated	$ 3,128,812	$ 14,352,400	$ -	$ -	$ 17,481,212
Other capital assets	89,221,686	229,261	(56,471)		89,394,476
Total cost of capital assets	92,350,498	14,581,661	(56,471)		106,875,688
Less accumulated depreciation	31,071,117	1,982,428	(56,471)		32,997,074
Capital assets—net	$ 61,279,381	$ 12,599,233	$ -	$ -	$ 73,878,614

	2012				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 976,432	$ -	$ -	$ -	$ 976,432
Construction In Progress	1,171,604	980,776			2,152,380
Total capital assets not being depreciated	$ 2,148,036	$ 980,776	$ -	$ -	$ 3,128,812
Other capital assets:					
Land improvements	$ 2,389,609	$ -	$ -	$ -	$ 2,389,609
Infrastructure	1,497,173	23,950			1,521,123
Buildings	74,810,555	44,421			74,854,976
Equipment	8,147,120	626,955	(72,730)		8,701,345
Library books	1,669,945	23,107	(8,174)		1,684,878
Leasehold Improvements	69,755				69,755
Total other capital assets	88,584,157	718,433	(80,904)		89,221,686
Less accumulated depreciation for:					
Land improvements	1,244,855	94,621			1,339,476
Infrastructure	1,375,962	12,891			1,388,853
Buildings	19,561,787	1,318,067			20,879,854
Equipment	5,305,738	624,453	(72,730)		5,857,461
Library books	1,574,238	27,783	(8,174)		1,593,847
Leasehold Improvements	6,976	4,650			11,626
Total accumulated depreciation	29,069,556	2,082,465	(80,904)	-	31,071,117
Other capital assets—net	$ 59,514,601	$ (1,364,032)	$ -	$ -	$ 58,150,569
Capital asset summary:					
Capital assets not being depreciated	$ 2,148,036	$ 980,776	$ -	$ -	$ 3,128,812
Other capital assets	88,584,157	718,433	(80,904)		89,221,686
Total cost of capital assets	90,732,193	1,699,209	(80,904)		92,350,498
Less accumulated depreciation	29,069,556	2,082,465	(80,904)		31,071,117
Capital assets—net	$ 61,662,637	$ (383,256)	$ -	$ -	$ 61,279,381

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

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30, 2013 and 2012:

	2013				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable	$ 4,305,000	$	$ 200,000	$ 4,105,000	$ 165,000
Campus Community Center bonds	1,205,263		61,399	1,143,864	64,067
Science Building Bonds	3,345,949		99,250	3,246,699	102,361
Goodwin Hall Bonds	25,377,737		340,099	25,037,638	436,560
Capital lease obligations	419,554		183,814	235,740	131,461
Notes payable	2,442,493	4,145,517	100,219	6,487,791	371,397
Commission Debt Payable	1,041,400		51,803	989,597	53,327
Total bonds, capital leases, and note payable	38,137,396	4,145,517	1,036,584	41,246,329	1,324,173
Other liabilities:					
Accrued compensated absences	587,252	484,361	433,389	638,224	408,937
Hedging derivative instruments	2,490,760		632,680	1,858,080	
Other post employment benefits liability	4,566,148	74,072		4,640,220	
Total noncurrent liabilities	$ 45,781,556	$ 4,703,950	$ 2,102,653	$ 48,382,853	$ 1,733,110

	2012				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable	$ 4,305,000	$ -	$ -	$ 4,305,000	$ 200,000
Campus Community Center bonds	1,264,105		58,842	1,205,263	61,399
Science Building Bonds	3,844,517		498,568	3,345,949	97,690
Goodwin Hall bonds	25,500,000		122,263	25,377,737	340,099
Capital lease obligations	583,798		164,244	419,554	170,475
Notes payable	2,072,814	2,525,000	2,155,321	2,442,493	74,511
Commission debt payable	1,156,635		115,235	1,041,400	51,803
Total bonds, capital leases, and note payable	38,726,869	2,525,000	3,114,473	38,137,396	995,977
Other liabilities:					
Accrued compensated absences	526,406	462,560	401,714	587,252	386,845
Hedging derivative instruments	1,764,884	725,876		2,490,760	
Other post employment benefits liability	3,424,578	1,141,570		4,566,148	
Total noncurrent liabilities	$ 44,442,737	$ 4,855,006	$ 3,516,187	$ 45,781,556	$ 1,382,822

7. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2013 and 2012:

	Interest Rate	Annual Principal Installment Due	2013 Principal Amount Outstanding	2012 Principal Amount Outstanding
Student Housing Bonds:				
Series 2011 A, mature various dates through October 1, 2030	2.00% to 5.25%	165,000 $325,000	4,105,000	4,245,000
Series 2011 B, due October 1, 2012	4.50%	60,000	-	60,000
Total Sudent Housing Bonds:			4,105,000	4,305,000
Campus Community Center Bonds:				
Series 2006, interest rate reset at November 1, 2016	4.30%	53,691	1,143,864	1,205,263
Science Building Bonds				
Series 2007, interest rate reset at October 1, 2017	4.68%	72,200	3,246,699	3,345,949
Goodwin Hall Bonds Series 2009, due through 2040	68 % of 1 Month LIBOR plus 1.63%	8,479 to 131,400	25,037,638	25,377,737
Total bonds payable			$ 33,533,201	$ 34,233,949

Future debt service requirements to maturity for the revenue bonds at June 30, 2013, are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 767,988	$ 1,464,589	$ 2,232,577
2015	841,542	1,432,724	2,274,266
2016	885,241	1,400,560	2,285,801
2017	920,183	1,360,625	2,280,808
2018	958,797	1,321,522	2,280,319
2019 - 2023	5,456,200	5,946,202	11,402,402
2024 - 2028	6,618,106	4,609,319	11,227,425
2029 - 2033	7,096,314	2,998,056	10,094,370
2034 - 2038	6,368,158	1,535,603	7,903,761
2039 - 2041	3,620,672	202,850	3,823,522
Total	$ 33,533,201	$ 22,272,050	$ 55,805,251

8. CAPITAL LEASE OBLIGATIONS

The College leases various equipment. These obligations are accounted for as capital leases. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2013:

Year Ending June 30	Principal	Interest	Total
2014	$ 131,461	$ 4,792	$ 136,253
2015	96,132	1,890	98,022
2016	8,147	21	8,168
			242,443
Less interest			6,703
			$ 235,740

The net book value of leased assets was $647,451 and $733,894 as of June 30, 2013 and 2012.

9. NOTES PAYABLE

Notes payable consisted of the following at June 30, 2013 and 2012:

	Interest Rate	Paymnet	2013 Principal Amount Outstanding	2012 Principal Amount Outstanding
Real Estate Purchase:				
$2,525,000 promissory note collateralized by 1st lien on various parcels of real estate and motel building Gilmer County, West Virginia	5.54%	$17,542 monthly through 6/2031	$ 2,367,273	$ 2,442,493
$1,000,000 unsecured promisory note to HEPC	0.00%	$25,000 quarterly	975,000	-
$3,145,581 promissory note collateralized by 1st lien on equipment installed in various buildings on campus	3.10%	$131,907 semi-annually through 6/2028	3,145,518	-
Total Notes Payable			$ 6,487,791	$ 2,442,493

The following is a schedule by year of future annual minimum payments required under the notes existing at June 30, 2013:

Year Ending June 30	Principal	Interest	Total
2014	$ 371,397	$ 227,921	$ 599,318
2015	356,175	218,143	574,318
2016	366,038	208,280	574,318
2017	381,707	192,611	574,318
2018	391,912	182,406	574,318
2019 - 2023	2,087,292	734,300	2,821,592
2024 - 2028	1,982,064	389,528	2,371,592
2029 - 2033	551,206	67,559	618,765
Total			8,708,539
Less portion representing interest			2,220,748
			$ 6,487,791

10. 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, 2013, 2012, and 2011, the noncurrent liability related to OPEB costs was $4,640,220, $4,566,148, and $3,424,578, respectively. The total of OPEB expenses incurred and the amount of OPEB expense that relates to retirees was $458,342 and $384,270, respectively, during 2013, or 83.83%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $1,516,614 and $375,044, respectively, during 2012, or 24.72%. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $1,741,403 and $348,462, respectively, during 2011, or 20.01%. As of and for the years ended June 30, 2013, 2012, and 2011, there were 12, 15, and 17, respectively, retirees receiving these benefits.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission.

During December 2010, the West Virginia Higher Education Policy Commission (HEPC) issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund HEPC Bond projects approved by the Commission. The College has been authorized to receive $11,000,000 of these proceeds to be specifically used for the construction of the new Waco Center, a facility that will house an expanded Natural Resource Center, a community and campus health care facility, and a new home for athletic administration, indoor sports, and coaches offices. The College drew $6,315,957 and $595,893 during fiscal years 2013 and 2012, respectively; eighty-five percent of these bond proceeds must be spent by December 2014. The West Virginia Higher Education Policy Commission is responsible for repayment of this debt.

For the years ended June 30, 2013 and 2012, debt service assessed was as follows:

	2013	2012
Principal	$ 51,803	$ 115,235
Interest	44,959	49,568
	$ 96,762	$ 164,803

12. UNRESTRICTED COMPONENTS OF NET POSITION

The unrestricted component of the College's net position includes certain designated resources as follows:

	2013	2012
Designated for auxiliaries	$ 171,395	$ 324,480
Designated for affiliated organizations	345,494	288,693
Undesignated	755,162	(521,770)
Total unrestricted net position before OPEB liability	1,272,051	91,403
Less: OPEB liability	4,640,220	4,566,148
Total unrestricted net position	$ (3,368,169)	$ (4,474,745)

13. RETIREMENT PLANS

Substantially all eligible full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (the "STRS") or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (the "TIAA-CREF"). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College employees have not been significant to date.

The STRS is a cost sharing, defined benefit public employee retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The College accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for the year ended June 30, 2013 and 2012, respectively.

Required employee contributions were at the rate of 6% of total annual salary for the years ended June 30, 2013 and 2012, respectively. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest 5 years' salaries out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2013, 2012 and 2011, were $337,530, $350,427 and $368,197, respectively, which consisted of $241,093, $250,305, and $262,998 from the College in 2013, 2012, and 2011 respectively, and $96,437, $100,122, and $105,199 from the covered employees in 2013, 2012, and 2011 respectively.

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

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

Total contributions to the TIAA-CREF for the years ended June 30, 2013, 2012, and 2011, were $962,466, $909,226, and $813,230, respectively, which consisted of equal contributions from the College and covered employees in 2013, 2012, and 2011 of $481,233, $454,613 and $406,615, respectively.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2013, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

The College's total payroll for the years ended June 30, 2013, 2012, and 2011 was $11,140,763, $11,006,246 and $10,343,177; total covered employees' salaries in the STRS and TIAA-CREF were $1,607,285 and $8,000,737 in 2013, respectively, $1,668,700 and $7,557 678 in 2012, respectively, and $1,753,320, and $6,758,477 in 2011, respectively.

14. DERIVATIVE INSTRUMENT

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2013 and 2012, classified by type, and the change in fair value of such derivative instrument is as follows:

	June 30, 2013				
	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative:					
Cash flow hedge					
Pay-fixed interest rate swap	Deferred charges	$ (632,680)	Debt	$ 1,858,080	$ 25,037,638

	June 30, 2012				
	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative:					
Cash flow hedge					
Pay-fixed interest rate swap	Deferred charges	$ 725,876	Debt	$ 2,490,760	$ 25,377,737

Fair Value: The fair value of the interest rate swap was estimated using a discounted cash flows computation.

Objective: The College is party to a derivative instrument which is a pay-fixed, receive-variable interest rate swap that hedges the changes in cash flows on the variable-rate debt series. In order to protect against the potential rising interest rates, the College entered into this derivative instruments at a cost less than what the College would have paid to issue fixed-rate debt.

Terms, Fair Value, and Credit Risk: The following table displays the terms and fair value of the College's hedging derivative instrument at June 30, 2013, along with the notional amount, credit rating of the associated counter party, and other terms as of June 30, 2013.

Type	Cash Flow Hedge for Debt Series	2013 Notional Amount	Effective Date	Termination Date	Rate Paid	Rate Received	Counterparty/ Counterparty Credit Rating	2013 Fair Value	2012 Fair Value
Pay-fixed interest rate swap	2009A	$ 25,037,638	12/22/2010	1/5/2017	4.34%	68 % USD-LIBOR-BBA one month plus 1.625%	BB&T / A-	$ 1,858,080	$ 2,490,760

Credit Risk: The College is exposed to credit risk on the hedging derivative instrument when it is in an asset position. The fair value of the hedging derivative was not in an asset position at June 30, 2013, so the College was not exposed to credit risk on this swap.

Interest Rate Risk: The College is not exposed to interest rate risk on its derivative instrument.

Basis Risk: The College is not exposed to basis risk on its derivative instrument.

Termination Risk: The College or the involved counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, the hedging derivative instrument is in a liability position, the College would be liable to the counterparty for a payment equal to the liability, subject to the netting arrangement.

Rollover Risk: The College is not exposed to rollover risk on its derivative instrument.

15. CONTINGENCIES

The nature of the educational industry is such that, from time-to-time, claims will be presented against the College on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the College would not seriously impact the financial status of the institution.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2013 or 2012.

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

16. SEGMENT INFORMATION

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

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

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

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

In June, 2011, the Corporation took advantage of an opportunity to refinance the 2000 Housing Facilities Series A Bonds at a more favorable interest rate. The 2011 Housing Facilities Series A Bonds were issued without extending the original maturity date of the 2000 Series Bonds. The 2011 Series B Bonds were issued to pay for a portion of the issuance costs.

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

In November 2006, the College sold $1,500,000 of Revenue Bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of November 30, 2006, by and between the Glenville State College Board of Governors and Branch Banking & Trust, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

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

In December 2007, the College sold $4,125,000 of Revenue Bonds, 2007 Student Fee Revenue Bonds, Series 2007 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of November 30, 2006, by and between the Glenville State College Board of Governors and United Bank, Inc., Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's education and general capital fees and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

d. *The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds (Glenville State College Housing Corporation Project (the "Corporation")), Series 2009A.*

In December 2009, the Corporation sold $25,500,000 of Commercial Development Revenue Bonds, Housing Facilities Series 2009 Bonds (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of December 21, 2009, by and between the Interim Governing Board and Branch Banking & Trust Co., Winston-Salem NC (the "Trustee"). The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to pay all or part of the cost of constructing a 484 bed student residence hall and (2) paying a portion of the cost of issuing the bonds.

During the fiscal year 2012, management determined that certain segment assets were overstated and that reclassification of certain segment information was required.

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

Condensed Schedules of Net Position	Housing Facilities Revenue Bonds Series 2011		Facilities Improvement Revenue Bonds Series 2006		Student Fees Revenue Bonds Series 2007		Housing Facilities Revenue Bonds Series 2009	
	June 30 2013	June 30 2012 - As Amended	June 30 2013	June 30 2012	June 30 2013	June 30 2012	June 30 2013	June 30 2012 - As Amended
Assets:								
Current assets	$ 133,546	$ 51,785	$ 431,165	$ 139,336	$ 287,657	$ 361,904	$ 1,035,783	$ 260,240
Noncurrent and capital assets	3,777,121	3,889,700	8,561,957	8,771,360	8,623,012	8,822,853	25,789,895	26,567,774
Total assets	$ 3,910,667	$ 3,941,485	$ 8,993,122	$ 8,910,696	$ 8,910,669	$ 9,184,757	$ 26,825,678	$ 26,828,014
Liabilities:								
Current liabilities	$ 161,447	$ 201,285	$ 67,543	$ 65,608	$ 102,361	$ 97,690	$ 442,796	$ 347,677
Long-term liabilities	3,838,312	3,996,534	1,079,796	1,143,864	3,144,337	3,248,259	26,459,158	27,528,398
Total liabilities	3,999,759	4,197,819	1,147,339	1,209,472	3,246,698	3,345,949	26,901,954	27,876,075
Net Position:								
Net Investment in capital assets	(386,381)	(494,422)	7,418,090	7,566,097	5,376,314	5,476,904	(2,282,833)	(2,149,425)
Restricted:								
Debt service	166,969	194,367					1,177,010	848,702
Unrestricted	130,320	43,721	427,693	135,127	287,657	361,904	1,029,547	252,662
Total net position and liabilities	$ 3,910,667	$ 3,941,485	$ 8,993,122	$ 8,910,696	$ 8,910,669	$ 9,184,757	$ 26,825,678	$ 26,828,014

Condensed Statements of Revenues, Expenses and Changes in Net Position	Housing Facilities Revenue Bonds Series 2011 As of June 30 2013	Housing Facilities Revenue Bonds Series 2011 As of June 30 2012 - As Amended	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2013	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2012	Student Fee Revenue Bonds Series 2007 As of June 30 2013	Student Fee Revenue Bonds Series 2007 As of June 30 2012	Housing Facilities Revenue Bonds Series 2009 As of June 30 2013	Housing Facilities Revenue Bonds Series 2009 As of June 30 2012 - As Amended
Operating:								
Operating revenues	$ 685,861	$ 731,087	$ 406,746	$ 269,174	$ 427,034	$ 337,274	$ 2,206,678	$ 1,788,093
Operating expenses	(614,720)	(657,282)	(561,493)	(538,929)	(199,840)	(199,840)	(1,512,089)	(1,214,938)
Net operating income	71,141	73,805	(154,747)	(269,755)	227,194	137,434	694,589	573,155
Nonoperating:								
Nonoperating revenues	61	111	61	36		83	993	1,750
Nonoperating expenses	(181,556)	(150,600)	(51,173)	(53,728)	(155,424)	(166,766)	(1,109,933)	(1,121,664)
Transfers In/(Out)	277,596		350,418	74,869	(246,607)	(218,332)	1,386,136	109,030
Changes in net position	167,242	(76,684)	144,559	(248,578)	(174,837)	(247,581)	971,785	(437,729)
Net position—beginning of year	(256,334)	(179,650)	7,701,224	7,949,802	5,838,808	6,086,389	(1,048,061)	(610,332)
Net position—end of year	$ (89,092)	$ (256,334)	$ 7,845,783	$ 7,701,224	$ 5,663,971	$ 5,838,808	$ (76,276)	$ (1,048,061)

Condensed Schedules of Cash Flows	Housing Facilities Revenue Bonds Series 2011 As of June 30 2013	Housing Facilities Revenue Bonds Series 2011 As of June 30 2012	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2013	Facilities Improvement Revenue Bonds Series 2006 As of June 30 2012	Student Fee Revenue Bonds Series 2007 As of June 30 2013	Student Fee Revenue Bonds Series 2007 As of June 30 2012	Housing Facilities Revenue Bonds Series 2009 As of June 30 2013	Housing Facilities Revenue Bonds Series 2009 As of June 30 2012
Net cash provided by operating activities	$ 137,702	$ 334,191	$ 53,167	$ 121,042	$ 411,999	$ 337,590	$ 1,091,536	$ 1,172,062
Net cash used in capital and related activities	(97,120)	(160,838)	237,246	(112,535)	(501,282)	(872,893)	(62,903)	(1,134,214)
Net increase in cash	40,582	173,353	290,413	8,507	(89,283)	(535,303)	1,028,633	37,848
Cash and cash equivalents - beginning of year	212,228	38,875	120,371	111,864	354,830	890,133	960,153	922,305
Cash and cash equivalents - end of year	$ 252,810	$ 212,228	$ 410,784	$ 120,371	$ 265,547	$ 354,830	$ 1,988,786	$ 960,153

17. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2013 and 2012, the following table represents operating expenses within both natural and functional classifications:

2013

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 5,091,466	$ 1,292,945	$ 554,120	$ -	$ -	$ -	$ -	$ -	$ 6,938,531
Academic support	641,575	172,553	201,271						1,015,399
Student services	1,323,036	438,256	373,351						2,134,643
General institutional support	1,944,938	536,507	1,235,359						3,716,804
Operations and maintenance of plant	908,473	293,713	605,535	565,466					2,373,187
Student financial aid					3,764,582				3,764,582
Auxiliary enterprises	1,231,275	347,653	2,528,413	596,961					4,704,302
Depreciation						1,982,428			1,982,428
Fees assessed by the Commission for operations								76,705	76,705
Total	$ 11,140,763	$ 3,081,627	$ 5,498,049	$ 1,162,427	$ 3,764,582	$ 1,982,428	$	$ 76,705	$ 26,706,581

2012

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 4,811,869	$ 1,579,039	$ 551,520	$ -	$ -	$ -	$ -	$ -	$ 6,942,428
Academic support	620,500	373,485	205,812						1,199,797
Student services	1,166,290	596,782	436,862						2,199,934
General institutional support	2,128,898	707,561	1,554,236						4,390,695
Operations and maintenance of plant	1,018,208	383,269	1,196,594	636,479					3,234,550
Student financial aid					3,385,686				3,385,686
Auxiliary enterprises	1,260,481	469,429	2,697,701	578,453					5,006,064
Depreciation						2,082,465			2,082,465
Fees assessed by the Commission for operations								73,500	73,500
Total	$ 11,006,246	$ 4,109,565	$ 6,642,725	$ 1,214,932	$ 3,385,686	$ 2,082,465	$	$ 73,500	$ 28,515,119

18. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB. Based on the Foundation's audited financial statements as of June 30, 2013, 2012 and 2011, the Foundation's net assets (including unrealized gains) totaled \$13,430,149, \$13,122,207 and \$13,413,234, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2013 and 2012, the Foundation contributed \$435,937 and \$411,834, respectively, to the College for scholarships.

The following notes on pages 49 – 57 are taken directly from the Foundation's audited financial statements.

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

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

We have audited the combined financial statements of the business-type activities and discretely presented component unit of Glenville State College (the College), as of and for the year ended June 30, 2013, which collectively comprise the College 's basic financial statements and have issued our report thereon dated November 15, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Glenville State College Foundation, Inc. (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

Management of Glenville State College, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as previously defined. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 results 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.

Hayflich Grigoraci PLLC

Huntington, West Virginia
November 15, 2013