MARSHALL COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS
AGENDA
Friday, November 20, 2009
8:00 a.m.
MCTC Cooking & Culinary Institute
917 Third Avenue
Huntington, WV

I. Call to Order and Determination of Quorum

II. Approval of Minutes – October 16, 2009 *

III. President's Report - Dr. Cotroneo

IV. Finance and Facilities Committee Report – Jeffrey Porter, Chair
- Finance and Facilities Committee Report and Discussion
- Review and Acceptance of the June 30, 2009 Audit Report *
- Review and Acceptance of the Third Party Waiver Report *
- Update on Service Agreement with Marshall University
- Update on Site Selection
- Other

V. Report of the Ad-Hoc Committee on Naming of the College – Jeffrey Porter *

VI. Possible Executive Session Under the Authority of WV Code §6-9A-4 Relating to Property Acquisitions, Leases and/or Personnel Issues

VII. Announcements:
- Next Regularly Scheduled Meeting of the IBOG – December 18, 2009 @ the MCTC Cooking & Culinary Institute, Breakfast at 7:30 a.m. with Meeting to Begin at 8:00 a.m.
- Other

VIII. Adjournment

* Action Item

*** DRAFT ***

MINUTES

MARSHALL COMMUNITY & TECHNICAL COLLEGE
INSTITUTIONAL BOARD OF GOVERNORS

Friday, October 16, 2009
8:00 a.m.
MCTC Cooking & Culinary Institute
917 Third Avenue
Huntington, WV

PRESENT: Bob Bailey, Mark Bugher, Ruth Cline, Donna Donathan, Mark George, Jim Hale, Mike Herron, Jason Moses, Jeffrey Porter, Susan Richardson, and Monica Shafer.

ABSENT: Criss Nance.

ALSO ATTENDING: President Keith J. Cotroneo, Steven Brown, Jean Chappell, Herb Karlet, Marjorie Keatley, Stephanie A. Neal, Carol Perry, Terri Tomblin-Byrd, Sandra Walker, John Whiteley, and the news media.

AGENDA ITEMS:

I. <u>Call to Order and Determination of Quorum</u>:

Ms. Richardson called the meeting to order at 8:12 a.m. A quorum was established.

II. <u>Approval of Minutes – September 18, 2009</u>:

A motion was made by Jeffrey Porter and seconded by Mike Herron to accept the minutes as presented. The motion was approved.

III. <u>President's Report – Dr. Cotroneo</u>:

Dr. Cotroneo gave a progress report relating to the following items:

- Proof copies of the next *Career Focus* were distributed to Board members. This issue will focus on the area of Allied Health. Approximately 70,000 copies of the document will be distributed prior to the holiday break in December 2009.
- MCTC is experiencing its largest enrollment this semester. Billie Brooks, Dean of Student Services, reported the Fall 2009 headcount to be 2,999 students which represents 550 new students at an increase of 22%. The Fall 2009 FTE is 1,887, an increase of 330.
- Approximately 260 students are currently enrolled in the AH 282 course, which enables students to use the Wellness Center on campus. Jean Chappell, Dean of Allied Health and Life Sciences, reported approximately 20 other students have paid the Wellness Center fee but are not taking the AH 282 course.

- The Division of Allied Health and Life Sciences will be presenting an In-Service for students, faculty, staff and the community relating to the H1N1 virus on October 22, 2009 at 2:00 p.m. in Cabell Hall Room 101.
- MCTC is currently hosting the annual West Virginia Community College Association and West Virginia Association of Developmental Education Conference at Pullman Plaza. The conference is well attended.
- Bulldog Creative Services provided mock-ups of several names suggested for the College. The Board expressed the need to soon make a decision relating to a new name for the college and appointed four Board members, Ruth Cline, Jim Hale, Jeffrey Porter and Mark George, to serve on a committee to work with the President and the faculty on a proposed name change.

IV. <u>Student and Academic Services Committee Report – Donna Donathan, Chair</u>:

Donna Donathan reported the Student and Academic Services Committee met October 14, 2009 and discussed proposed revisions to the rule on Full-Time Faculty Workload. Following discussion, a motion was made by Jason Moses and seconded by Mark Bugher that public notice be given that a proposed revision to the rule on Full-Time Faculty Workload be available for a 30-day comment period and that if no substantive comments are received, the IBOG extends its final approval of the rule. The motion was approved.

Two academic programs will be reviewed during the 2009-2010 academic year: Interior Design and General Studies. Materials for the reviews are due to the Assessment Committee by November 3, 2009. The program reviews will be presented to the IBOG later this academic year.

V. <u>Finance and Facilities Committee Report – Jeffrey Porter, Chair</u>:

Jeffrey Porter indicated the Finance and Facilities Committee met October 14, 2009 and discussed the following items:

- A draft of the FY 2009 audit report was shared with the Finance and Facilities Committee. It is anticipated that the final FY 2009 Audit report will be available at the November meeting of the IBOG.
- There has been no movement on the FY 2010 Service Agreement with Marshall University. The University has the proposal.
- The Committee was given an update on the Banner implementation project with the focus of the discussion being on financial aid and the distribution of financial aid to the students.
- There have been two organizational meetings of the MCTC Foundation.
- Chair Richardson expects to receive communication this week relating to the Board's preferred selection for a new location for the college.

VI. <u>Possible Executive Session Under the Authority of WV Code §6-9A-4 Relating to Property Acquisitions and Leases and the President's Contract</u>:

No Executive Session was held.

VII. Announcements:

- President Cotroneo has received a letter from Chancellor Skidmore concerning annual training that is required for IBOG members. It is anticipated that the training will be held in May 2010. Chair Richardson encouraged all members to be available to attend the training.
- Bob Bailey requested clarification regarding a letter board members had recently received from Senator Plymale concerning a name change for the College. The Board Committee appointed today will work with President Cotroneo and the faculty in moving along the process for a proposed name change.
- The next regularly scheduled meeting of the IBOG will be November 20, 2009. The meeting will be held at the MCTC Cooking & Culinary Institute, 917 Third Avenue, Huntington, WV. Breakfast will be available at 7:30 a.m. and the meeting will begin at 8:00 a.m.

VIII. Adjournment:

There being no other agenda items, the meeting was adjourned at 8:54 a.m.

________________________________ Chairman
Susan K. Richardson

________________________________ Secretary
Ruth Cline

Marshall Community & Technical College
Institutional Board of Governors
Meeting of November 20, 2009

ITEM:	Audited Financial Report for Fiscal Year 2009
COMMITTEE:	Finance & Facilities Committee [FFC]
RECOMMENDED RESOLUTION:	*Resolved*, that the Board of Governors receives a copy of the College's Fiscal Year 2009 Financial Audit.
BOARD/STAFF MEMBER:	Jeff Porter Chair, Finance & Facilities Committee Herbert J. Karlet Vice President, CFO/CPO

BACKGROUND

The accounting firm of Deloitte and Touche (D&T), LLP has completed the financial audit of Marshall Community and Technical College for Fiscal Year 2008-2009 which contains an "unqualified" opinion from the auditors. This is the first year for the College to have its own audited financial report. In prior years, the financial information was included as a separate schedule in the Marshall University Financial Statements.

The audit report, a letter to the Board from D&T, LLP and a schedule of Key Financial Measures are included in the agenda material provided to each Board member.

Mr. Dennis Juran, D&T partner, participated in the November 11, 2009 meeting of the IBOG Finance and Facilities Committee to discuss the audit and to address any questions.

Deloitte.

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October 7, 2009

Governing Board of Marshall Community and Technical College
917 Third Avenue, Suite 201
Huntington, WV 25701

Dear Members of the Governing Board:

We have performed an audit of the financial statements of Marshall Community and Technical College (the "College") as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated October 7, 2009.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the College is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America has been described in our letter to the West Virginia Higher Education Policy Commission dated March 24, 2009. As described in that letter, the objective of a financial statement audit conducted in accordance with auditing standards generally accepted in the United States of America is to express an opinion on the fairness of the presentation of the College's financial statements for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Governing Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Governing Board of their responsibilities.

We considered the College's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the College's 2009 financial statements include:

- The allowance for doubtful accounts is based upon management's estimates of historical experience and ultimate collectability of outstanding accounts.

- The lives of depreciable assets are based on management's estimates of the ultimate useful lives of the assets.

- The calculation of accrued vacation is based upon management's estimates of the ultimate liability paid.

Although management believes the accounting estimates reflected in the College's 2009 financial statements are reasonable, there can be no assurances that the College could ultimately realize these values. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors' report on the financial statements, is our development of an independent expectation of the estimates to corroborate management's estimates or our understanding and testing of the process used by management to develop the estimates or our consideration of the effect of subsequent events on the accounting estimate. During the year ended June 30, 2009, we are not aware of any significant management bias in the estimates.

UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

SIGNIFICANT ACCOUNTING POLICIES

The College's significant accounting policies are set forth in Note 2 to the College's 2009 financial statements.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the College's 2009 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2009.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR INTITIAL ENGAGEMENT OR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant issues requiring communication to the Governing Board.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the College's management and staff and had unrestricted access to the College's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the College's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the College is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A,a copy of the representation letter we obtained from management.

This report is intended solely for the information and use of the Governing Board, management, and others within the College and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

Yours truly,

Deloitte & Touche LLP

cc: Management of Marshall Community and Technical College

APPENDIX A

MARSHALL COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT REPRESENTATION LETTER
YEAR ENDED JUNE 30, 2009

MCTC

Marshall Community & Technical College

Office of the President

October 7, 2009

Deloitte & Touche LLP
2500 One PPG Place
Pittsburgh, PA 15222

We are providing this letter in connection with your audit of the statement of net assets of Marshall Community and Technical College (the "Entity"), as of and for the year ended June 30, 2009, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended, which collectively comprise the Entity's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, revenues, expenses and changes in net assets, and cash flows of the Entity in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

a. The fair presentation in the basic financial statements of financial position of the Entity and the changes in net assets and cash flows in conformity with accounting principles generally accepted in the United States of America.

b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis accompanying the basic financial statements that is presented for the purpose of additional analysis of the financial statements.

c. The design and implementation of programs and controls to prevent and detect fraud, including fraud related to federal awards

d. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition, to the extent applicable:

   a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

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b. The financial statements properly classify all funds and activities, including special and extraordinary items.

c. All funds that meet the quantitative criteria in Statement No. 34 and Statement No. 37 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

d. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

e. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net assets, and allocations have been made on a reasonable basis.

f. Revenues are appropriately classified in the statement of revenues, expenses and changes in net assets within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

g. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

h. Deposits and investment securities are properly classified in category of custodial credit risk.

i. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

j. Required supplementary information is measured and presented within prescribed guidelines.

k. Applicable laws and regulations are followed in adopting, approving and amending budgets.

l. Costs to federal awards have been charged in accordance with applicable cost principles.

2. The Entity has made available to you all:

a. Summaries of the Entity's Governing Board and the West Virginia Higher Education Policy Commission and/or West Virginia Council for Community and Technical College Education.

b. Financial records and related data for all financial transactions of the Entity and for all funds administered by the Entity. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Entity and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

3. There has been no:

a. Action taken by Entity management that contravenes the provisions of federal laws and West Virginia laws and regulations, or of contracts and grants applicable to the Entity

b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

4. The Entity has made available to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

5. We have no knowledge of any fraud or suspected fraud affecting the Entity involving:

a. Management.

b. Employees who have significant roles in internal control over financial reporting.

c. Others if the fraud could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.

8. The Schedule of Expenditures of Federal Awards was prepared, for inclusion in the State's SEFA, in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have identified in that schedule all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations.

9. We are responsible for compliance with local, state and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the Entity's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Entity is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

10. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.

11. We have, to the extent applicable:

    a. Identified the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program as identified in Part 3 of the Compliance Supplement dated March 2009 (including Compliance Supplement Addendum #1)

    b. Complied, in all material respects, with the requirements identified above in connection with federal awards

    c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations

    d. Made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable

    e. Monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133

    f. Taken appropriate corrective action on a timely basis after receipt of a subrecipient's auditor's report that identifies noncompliance with laws, regulations, or the provisions of contracts or grant agreements

    g. Considered the results of the subrecipient's audits and made any necessary adjustments to the auditee's own books and records

    h. Identified and disclosed all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews related to the objectives of the audit

    i. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities

    j. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

12. We will include in the corrective action plan for current-year findings, if any, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We will take timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that the State's auditors report. (None)

13. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

14. We have adopted the provisions of GASB Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations Are Component Units*, an amendment of Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity. We believe that we have properly identified and reported as a component unit of the Entity each organization that meets the criteria established in GASB Statement No. 39. (None)

Except where otherwise stated below, matters less than $10,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

15. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

16. The Entity has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

17. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

    a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral)

    b. Guarantees, whether written or oral, under which the Entity is contingently liable.

18. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events

    b. The effect of the change would be material to the financial statements.

19. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements: (None)

    a. The concentration exists at the date of the financial statements

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

20. There are no:

    a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5, *Accounting for Contingencies* .

21. The Entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the notes to the financial statements.

22. The Entity has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.

23. No department or agency of the Entity has reported a material instance of noncompliance to us.

24. The Entity has identified all derivative instruments as defined by GASB Technical Bulletin 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets (TB 03-1)*, and appropriately disclosed such derivatives in accordance with TB 03-1. (None)

25. No events have occurred subsequent to June 30, 2009 that require consideration as adjustments to or disclosures in the financial statements.

26. Management has disclosed whether, subsequent to June 30, 2009, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.

27. We have disclosed to you any change in the Entity's internal control over financial reporting that occurred during the Entity's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Entity's internal control over financial reporting.

28. Management has disclosed all contracts or other agreements with the Entity's service organizations.

29. Management has disclosed all communications from the Entity's third-party service organizations relating to noncompliance with the Entity's operations at that service organizations. (None)

30. The Entity has not completed the process of evaluating the impact that will result from adopting the Statements of Governmental Accounting Standards as disclosed in note 2 to the financial statements. We believe the note disclosure is accurate.

31. Receivables recorded in the financial statements represent valid claims against debtors for sale or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

32. We have no intention of withdrawing from any of our multiple-employer plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of the multiple-employer plans to which we contribute.

33. The nature of the education industry is such that, from time to time, claims will be presented against the Entity on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws and regulations. While some of these claims may be 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 Entity would not impact seriously on the financial status of the Entity.

34. 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 grantor agencies. Management believes disallowances, if any, will not have a significant financial impact on the Entity's financial position, revenue, expenses or changes in net assets.

35. All documentation related to contract and grant transactions are contained in the applicable student or third party files. We also confirm that:

a. We are not aware of any "side agreements" with any agency, student or other third parties that are inconsistent with the applicable contract and grant agreement, award letters, student account, or any other documentation contained in the applicable file. For the purposes of this letter, a "side agreement" is any agreement, understanding, promise, or commitment [whether written (e.g., in the form of a letter or formal agreement or in the form of any exchange of physical or electronic communications) or oral] by or on behalf of the Entity (or any subsidiary, director, employee, or agent of the Entity) with a third party from whom revenue has been recognized that is not contained in the applicable transaction documentation of a third party or the Entity whether delivered to or generated by the Entity's Accounting and Finance Department. The definition of a side agreement is not limited by any particular subject matter. For purposes of example only, any agreement not contained in written form from a third party or the Entity that relates to return rights, acceptance rights, future pricing, payment terms, free consulting, free maintenance, or exchange rights would be a side agreement.

b. We are not aware of any commitments or concessions to a third party regarding pricing or payment terms outside of the terms documented in the applicable file or not in accordance with the Entity's standard terms and conditions.

Dr. Keith Cotroneo President	10/26/09 (Date signed)
Mr. Herbert J. Karlet Vice President and CFO	10/7/09 (Date signed)

MCTC

Marshall Community & Technical College

FY 2009 Audited Financial Statements

Attached to email as separate file due to document authentication security by audit firm Deloitte & Touche, LLP.

Bound copies will be provided at the beginning of the meeting.

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE
For Fiscal Years ending June, 30 - 2005, 2006, 2007, 2008 and 2009

STATEMENT OF NET ASSETS (BALANCE SHEET) (000s)

	FY 2005	FY 2006	FY 2007	FY 2008	Revised 7/1/2008	FY 2009
Total Assets	$ 7,904	$ 9,945	$ 12,425	$ 14,083	$ 14,350	$ 13,281
Total Liabilities	$ 1,526	$ 1,642	$ 1,549	$ 1,972	$ 4,467	$ 4,724
Net Assets:						
Invested in Capital Accounts	$ 687	$ 803	$ 2,904	$ 4,544	$ (1,080)	$ (823)
Restricted	3	25	6	12	12	16
Unrestricted	**5,688**	**7,475**	**7,966**	**7,555**	**10,951**	**9,364**
Total Net Assets	$ 6,378	$ 8,303	$ 10,876	$ 12,110	$ 9,883	$ 8,557
Total Liabilities and Net Assets	$ 7,904	$ 9,945	$ 12,425	$ 14,083	$ 14,350	$ 13,281

REVENUES AND EXPENSES (000s)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Student Tuition & Fees	$ 2,973	$ 2,829	$ 3,265	$ 3,122	$ 3,262
State Appropriations	5,335	5,451	5,483	5,800	6,287
Grants & Contracts	3,371	3,483	3,370	4,142	5,140
Other	2,494	3,315	2,060	1,136	954
Total Revenues	$ 14,173	$ 15,078	$ 14,178	$ 14,200	$ 15,643
Operating Expenses	$ 11,721	$ 12,484	$ 13,117	$ 14,249	$ 16,880
Debt Service & Transfers	687	651	684	724	128
Other/Accounting Change	4	18	7	(218)	35
Total Expenses	$ 12,412	$ 13,153	$ 13,808	$ 14,755	$ 17,043
Net	$ 1,761	$ 1,925	$ 370	$ (555)	$ (1,400)
Capital Bond Proceeds from the Commission	$ -	$ -	$ 2,204	$ 1,790	$ 75
Transfer of Net Assets from Marshall University	$ -	$ -	$ -	$ -	$ 9,882
Increase in Net Assets	$ 1,761	$ 1,925	$ 2,574	$ 1,235	$ 8,557

NOTE: **Please note that years FY 2005 through FY 2008 were included in the Marshall University's Financial Statements. These past statements did not include institutional debt and other items; therefore, the past data cannot be compared to the FY 2009 information. Please see notes to the Financial Statements for additional information.**

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE
For Academic Year Fall Terms 2003, 2004, 2005, 2006, 2007 and 2008

ENROLLMENT [End of Term]

	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008
Headcount						
Resident	2,022	1,977	2,118	2,073	2,108	2,167
Metro	117	144	130	162	150	212
Non-Resident	254	280	341	345	218	156
Total	2,393	2,401	2,589	2,580	2,476	2,535
Increase(Decrease)	N-A	8	188	(9)	(104)	59
% Change	N-A	0.3%	7.8%	-0.3%	-4.0%	2.4%
Full Time Equivalent [FTE]						
Resident	1,416	1,346	1,373	1,305	1,294	1,346
Metro	86	114	99	129	120	173
Non-Resident	98	131	138	152	107	113
Total	1,600	1,591	1,610	1,586	1,521	1,632
Increase(Decrease)	N-A	(9)	19	(24)	(65)	111
% Change	N-A	-0.6%	1.2%	-1.5%	-4.1%	7.3%

*ESTIMATED ENROLLMENT AS OF OCTOBER 15th, 20XX

	Fall 2008*	Fall 2009*
Headcount	2,449	2,999
Increase(Decrease)	N-A	550
% Change	N-A	22.5%
Full Time Equivalent [FTE]	1,557	1,887
Increase(Decrease)	N-A	330
% Change	N-A	21.2%

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE

STATE APPROPRIATIONS/STUDENT FEES

Institution	FY 2008-09 AFTE Enrollment	FY 2009 Appropriation	Appropriation Per Student	Rank	Resident Tuition & Fees Per Semester	Rank
Blueridge CTC	1,175	$ 2,955,463	$ 2,515	10	$ 1,530	3
Kanawha Valley CTC	1,327	4,038,673	3,043	9	1,449	4
New River CTC	1,669	5,673,054	3,399	8	1,374	6
WVU at Parkersburg	2,818	9,735,011	3,455	7	956	10
Marshall CTC	1,670	5,911,742	3,540	6	1,428	5
WV Northern CTC	1,999	7,710,716	3,857	5	999	7
Pierpoint CTC	1,897	8,328,395	4,390	4	1,656	2
Southern WV CTC	1,637	8,633,197	5,274	3	960	8-9
Bridgemont CTC	564	3,896,885	6,909	2	1,705	1
Eastern WV CTC	260	2,062,115	7,931	1	960	8-9
Total	15,016	$ 58,945,251				
Average/Mean	1,501.6	$ 5,894,525	$ 3,925		$ 1,302	
Median			$ 3,699		$ 1,401	

NOTE: MCTC Resident System Capital Fees, FY 2009 $ 215

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE
For Fiscal Years ending June, 30 - 2005, 2006, 2007, 2008 and 2009

Education and General Expenditures (000's)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Instruction	$ 4,764	$ 5,263	$ 5,406	$ 5,992	$ 6,162
Public Service	614	329	381	232	226
Academic Support	1,094	1,062	1,082	1,046	894
Student Services	795	821	887	1,006	1,553
Institutional Support	563	1,531	1,684	1,987	2,530
Operation and Maintenance	1,953	1,276	1,305	1,372	2,162
Total (000's)	$ 9,783	$ 10,282	$ 10,745	$ 11,635	$ 13,527
FTE's	1,591	1,610	1,586	1,521	1,632
Cost Per FTE	$ 6,149	$ 6,386	$ 6,775	$ 7,650	$ 8,289
Student Credit Hours	23,853	24,143	23,780	22,815	24,471
Cost per Student Credit Hour	$ 410	$ 426	$ 452	$ 510	$ 553

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE
For Fiscal Years ending June, 30 - 2005, 2006, 2007, 2008, and 2009

SUMMARY (000s)

INDIRECT COST AGREEMENTS WITH MARSHALL UNIVERSITY

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Academic Support	$ 457	$ 459	$ 441	$ 483	$ 484
Student Services	492	509	524	550	373
Institutional Support	1,104	1,172	1,207	1,097	1,043
Operaton & Maintenance	1,346	1,275	1,304	1,345	1,385
Total/Sub - Total	$ 3,399	$ 3,415	$ 3,476	$ 3,475	$ 3,285
Student Activities	$ 242	$ 242	$ 245	$ 241	$ 241
Athletics	178	181	172	171	175
Student Center	78	80	74	74	75
System Capital	645	645	687	650	724
Recreation Center Payments					
Sub - Total	$ 1,143	$ 1,148	$ 1,178	$ 1,136	$ 1,215
Total	$ 4,542	$ 4,563	$ 4,654	$ 4,611	$ 4,500
MCTC Revenue (000's)	$ 14,173	$ 15,078	$ 14,178	$ 14,200	$ 15,643
Percent of MCTC Revenue	32.1%	30.3%	32.8%	32.5%	28.8%

KEY FINANCIAL MEASURES
MARSHALL COMMUNITY AND TECHNICAL COLLEGE

RATIO ANALYSIS OF FY 2009 FINANCIAL STATEMENTS

Balance Sheet Ratios	FY 2009
Unrestricted Net Assets [Line 1]	$ 8,541,271
Operating Expenses [Line 2]	$ 16,879,887
Unrestricted Financial Resources to Operations Ratio *[Line 1 divided by Line 2]*	**50.6%**
Number of Days in Unrestricted Net Assets *[50.6% multiplied by 365 days]*	**184.69**

WORKING CAPITAL

Total Current Assets [Line 1]	$ 8,574,008
Total Current Liabilities [Line 2]	2,559,220
Net Working Capital	**$ 6,014,788**
Working Capital Ratio [Line 1 divided by Line 2]	**3.35**

Capital Ratios		FY 2009
Unrestricted Net Assets [Line 1]		$ 8,541,271
Debt Obligation to HEPC [Line 2]		2,380,282
Unrestricted Financial Resources to Direct Debt [Measures the coverage of direct debt by the unrestricted net assets.] [Line 1 divided by Line 2]		**3.59**
Actual Debt Service to Operations [Line 1]		$ 429,201
Total Debt Service Payments FY 2009		
Principal	$ 306,672	
Interest	122,529	
	$ 429,201	
Total Operating Expenses [Line 2]		$ 16,879,887
Actual Debt Service to Operations [Measures the debt service burden on the annual operating budget.] [Line 1 divided by Line 2]		**2.5%**

Marshall Community & Technical College
Board of Governors
Meeting of November 20, 2009

ITEM:	FY 2008-2009 Report Third-Party Sponsored Contracts
COMMITTEE:	Finance and Facilities Committee
RECOMMENDED RESOLUTION:	*Resolved*, that in accordance with IBOG Policy F-1 "Waiver of Tuition and Fees for Third-Party Sponsored Courses", the Board receives the Annual Report for Fiscal Year 2008-2009.
BOARD/STAFF MEMBER:	Jeff Porter Chair, Finance & Facilities Committee Herb Karlet Vice President, CFO-CPO

BACKGROUND

In accordance with Section 2.6 of IBOG Policy F-1 (Third-Party Sponsored Courses), an annual report for Fiscal Year 2008-2009 is being furnished to the Board.

Marshall University Office of the Bursar
Remission Management Report

Fall 2008

Community and Technical College

Fall 2008

AGENCY	CRN/COURSE	ENROLLED	CONTRACT	WAIVED	INVOICED
ALCON MANUFACTURING	5555 SS 215-111	13	10/23/08	5,249.25	4,350.00
COLLINS CAREER CENTER	1076 AH 151-109	9	10/01/08	4,433.25	1,150.00
LAKIN CORRECTIONAL FACILITY	5519 SS 287-103	5	03/04/09	1,314.00	2,790.00
MASON COUNTY SCHOOLS	5192 COL 101-121	13	09/24/08	4,270.50	1,560.00
WEST VIRGINIA STATE POLICE ACADEMY	5530 PST 111-102	45	08/04/08	75,142.00	0.00
COLLINS CAREER CENTER	5233 MAT 145-	8	10/01/08	3,961.75	3,580.00
MASON COUNTY SCHOOLS	5356 MG 283-102	8	09/24/08	3,190.50	960.00
MASON COUNTY SCHOOLS	5412 ENL 111-115	19	09/24/08	7,179.00	2,280.00
MASON COUNTY SCHOOLS	5210 COL 101-122	10	09/24/08	3,472.50	1,200.00
RANDOLPH COUNTY	5198 IT 231-103	2	10/01/08	876.00	320.00
WEST VIRGINIA STATE POLICE ACADEMY	5151 PST 111-101	44	08/04/08	69,147.00	0.00
MASON COUNTY SCHOOLS	5141 MG 101-104	8	09/24/08	2,815.50	960.00
RANDOLPH COUNTY	5194 MG 101-105	5	10/01/08	2,205.00	600.00
WEST VIRGINIA STATE POLICE ACADEMY	5159 PST 120-101	27	08/04/08	42,136.00	0.00
COLLINS CAREER CENTER	5621 COM 112-	10	10/01/08	3,609.00	5,080.00
LAKIN CORRECTIONAL FACILITY	5647 MAT 097-	10	03/04/09	3,285.00	3,540.00
MASON COUNTY SCHOOLS	5411 ENL 095-129	6	09/24/08	2,533.50	720.00
WEST VIRGINIA STATE POLICE ACADEMY	5105 ENL 111-113	27	08/04/08	13,341.00	2,950.00
COLLINS CAREER CENTER	5231 SS 215-110	4	10/01/08	2,292.75	4,330.00
HUNTINGTON GOODWILL	5402 IT 101-148	12	10/03/08	6,511.50	0.00
LAKIN CORRECTIONAL FACILITY	5622 ENL 111-116	10	03/04/09	3,945.75	3,540.00
MASON COUNTY SCHOOLS	5140 AAT 255-	8	09/24/08	3,190.50	960.00
MASON COUNTY SCHOOLS	5142 MG 283-101	10	09/24/08	4,035.00	1,200.00
MASON COUNTY SCHOOLS	5143 IT 101-139	23	09/24/08	7,743.00	2,760.00
SAINT JOSEPH HIGH SCHOOL	5195 IT 101-142	12	10/01/08	5,205.75	1,440.00
SAINT MARYS MEDICAL CENTER SCHOOL OF	4164 RS 211-101	17	07/11/08	24,423.00	2,380.00
WEST VIRGINIA STATE POLICE ACADEMY	4756 PST 280-101	528	08/04/08	68,872.25	0.00
HUNTINGTON GOODWILL	5401 AH 151-116	12	10/03/08	6,511.50	0.00
MASON COUNTY SCHOOLS	5360 AAT 255-	4	09/24/08	1,314.00	480.00
COLLINS CAREER CENTER	5400 SCI 110-104	5	10/01/08	3,057.00	3,720.00
MASON COUNTY SCHOOLS	5146 IT 212-102	10	09/24/08	3,660.00	1,200.00
SAINT MARYS MEDICAL CENTER SCHOOL OF	4159 RS 201-101	20	07/11/08	35,367.00	2,800.00
COLLINS CAREER CENTER	5230 ENL 111-114	6	10/01/08	2,156.25	3,280.00
COLLINS CAREER CENTER	5232 MAT 097-	8	10/01/08	4,623.75	3,430.00
COLLINS CAREER CENTER	1287 BIOL 257-	14	10/01/08	7,244.25	1,600.00
COLLINS CAREER CENTER	5518 IT 101-150	11	10/01/08	4,590.00	1,600.00

Marshall University Office of the Bursar
Remission Management Report

Community and Technical College **Fall 2008**

AGENCY	CRN/COURSE	ENROLLED	CONTRACT	WAIVED	INVOICED
MASON COUNTY SCHOOLS	1077 AH 151-110	11	09/24/08	4,176.00	1,320.00
PUTNAM COUNTY SCHOOLS	4539 MAT 097-	1	12/17/08	328.50	120.00
RANDOLPH COUNTY	5197 IT 131-103	3	10/01/08	1,564.00	480.00
WEST VIRGINIA STATE POLICE ACADEMY	5168 PST 290-101	1	08/04/08	985.50	0.00
TOTAL				**$449,958.00**	**$68,680.00**
TOTAL Fall 2008				**$449,958.00**	**$68,680.00**

Marshall Universitv Office of the Bursar
Remission Management Report

Spring 2009

Community and Technical College

Spring 2009

AGENCY	CRN/COURSE	ENROLLED	CONTRACT	WAIVED	INVOICED
AIR EVAC INCORPORATED	5536 PAR 260-203	20	04/16/09	27,357.00	1,000.00
WEST VIRGINIA STATE POLICE ACADEMY	5538 PST 275-201	8	01/15/09	10,159.50	0.00
WEST VIRGINIA STATE POLICE ACADEMY	4898 PST 111-201	27	01/15/09	38,577.75	0.00
HUNTINGTON AREA GOODWILL	5496 IT 101-241	5	04/09/09	2,004.75	0.00
WEST VIRGINIA STATE POLICE ACADEMY	5001 MAT 139-	27	01/15/09	1,317.75	0.00
SAINT MARY'S MEDICAL IMAGING	4124 RS 208-201	17	01/09/09	30,123.00	2,380.00
PUTNAM COUNTY SCHOOLS	2268 EME 109-202	4	03/24/09	3,066.00	0.00
ALCON MANUFACTURING	5533 SS 282-204	18	02/13/09	7,567.50	5,100.00
HUNTINGTON AREA GOODWILL	5511 COL 138-214	5	04/09/09	2,004.75	0.00
MASON COUNTY SCHOOLS	5513 WFD 185-	3	02/25/09	1,646.25	360.00
RANDOLPH COUNTY	5275 IT 141-203	1	03/04/09	438.00	120.00
ALCON MANUFACTURING	5396 SS 282-203	19	02/13/09	8,173.50	5,250.00
COLLINS CAREER CENTER	5399 SCI 220-201	15	02/05/09	7,869.00	3,900.00
MASON COUNTY SCHOOLS	5076 AAT 255-	9	02/25/09	3,144.00	1,080.00
MASON COUNTY SCHOOLS	5271 MG 280-201	7	02/25/09	2,487.00	840.00
MASON COUNTY SCHOOLS	5272 MG 281-202	10	02/25/09	4,035.00	1,200.00
PUTNAM COUNTY SCHOOLS	3148 MAT 097-	1	03/24/09	567.00	120.00
RANDOLPH COUNTY	5129 AC 103-203	2	03/04/09	657.00	240.00
TEAYS VALLEY CHRISTIAN SCHOOL	2942 IT 101-232	9	02/26/09	3,226.50	1,080.00
CABELL COUNTY EMS	5036 PAR 260-201	24	02/13/09	27,411.00	1,200.00
MASON COUNTY SCHOOLS	5044 IT 101-234	14	02/25/09	5,161.50	1,680.00
MASON COUNTY SCHOOLS	1073 AH 151-209	16	02/25/09	5,631.00	1,920.00
SPRING VALLEY HIGH SCHOOL	5377 AH 151-214	3	02/20/09	1,360.50	360.00
WEST VIRGINIA SHERIFFS ASSOCIATION	5375 PST 280-201	18	02/27/09	3,942.00	0.00
KANAWHA COUNTY EMS	5037 PAR 260-202	12	03/20/09	8,308.50	900.00
LAKIN CORRECTIONAL FACILITY	5550 SS 215-209	13	04/27/09	4,270.50	3,990.00
MASON COUNTY SCHOOLS	5045 IT 101-235	7	02/25/09	2,674.50	840.00
MASON COUNTY SCHOOLS	5077 MG 283-201	7	02/25/09	2,299.50	840.00
MASON COUNTY SCHOOLS	5515 WFD 186-	3	02/25/09	1,646.25	360.00
RANDOLPH COUNTY	5274 IT 101-239	9	03/04/09	3,331.50	1,080.00
MSHA	5539 MIT 275-201	1	04/14/09	3,954.00	0.00
PUTNAM COUNTY SCHOOLS	5348 MAT 115-	9	03/24/09	3,519.00	1,080.00
RAHALL TRANSPORTATION INST	4433 IW 100-203	13	03/24/09	8,887.50	0.00
COLLINS CAREER CENTER	4897 AH 226-201	14	02/05/09	6,450.75	2,350.00
HUNTINGTON AREA GOODWILL	5498 AH 151-215	5	04/09/09	2,004.75	0.00
MASON COUNTY SCHOOLS	5046 IT 101-236	34	02/25/09	12,856.50	4,080.00

Marshall University Office of the Bursar
Remission Management Report

Community and Technical College — **Spring 2009**

AGENCY	CRN/COURSE	ENROLLED	CONTRACT	WAIVED	INVOICED
RANDOLPH COUNTY	5502 IT 270-203	3	03/04/09	1,173.00	360.00
RAHALL TRANSPORTATION INST	4440 IW 207-201	14	03/24/09	19,720.50	0.00
SAINT MARY'S MEDICAL IMAGING	4122 RS 206-201	17	01/09/09	24,423.00	2,380.00
WEST VIRGINIA STATE POLICE ACADEMY	4895 EME 105-205	27	01/15/09	13,494.75	0.00
WEST VIRGINIA STATE POLICE ACADEMY	4939 IT 101-233	27	01/15/09	1,317.75	0.00
COLLINS CAREER CENTER	4896 BIOL 210-	31	02/05/09	14,759.25	4,900.00
TOTAL				**$333,018.75**	**$50,990.00**
TOTAL Spring 2009				**$333,018.75**	**$50,990.00**

Marshall University Office of the Bursar
Remission Management Report

Intersession 2009

Community and Technical College

Intersession 2009

AGENCY	CRN/COURSE	ENROLLED	CONTRACT	WAIVED	INVOICED
WEST VIRGINIA STATE POLICE ACADEMY	3241 PST 275-301	7	05/22/09	16,770.00	0.00
WEST VIRGINIA STATE POLICE ACADEMY	3247 PST 111-302	50	05/22/09	68,892.00	0.00
WEST VIRGINIA STATE POLICE ACADEMY	3188 PST 111-301	42	05/22/09	67,032.00	0.00
CLAY COUNTY - EMS	3243 EME 280-301	9	06/04/09	11,799.00	0.00
TOTAL				**$164,493.00**	**$0.00**

TOTAL Intersession 2009	**$164,493.00**	**$0.00**
TOTAL FOR FISCAL YEAR	**$947,469.75**	**$119,670.00**

Marshall Community and Technical College

Financial Statements as of and for the
Year Ended June 30, 2009, and
Independent Auditors' Reports

MARSHALL COMMUNITY AND TECHNICAL COLLEGE

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of
Marshall Community and Technical College:

We have audited the statement of net assets of Marshall Community and Technical College (the "College") as of June 30, 2009, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the management of the College. Our responsibility is to express an opinion on the respective financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2009, and the changes in net assets and cash flows of the College for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 3 to 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2009, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

October 7, 2009

MARSHALL COMMUNITY & TECHNICAL COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR 2009
[Unaudited]

The History of the College

Marshall Community and Technical College (MCTC or the "College") is one of West Virginia's ten community and technical colleges. MCTC headcount enrollment for the Fall 2008 term was 2,449 resulting in a Full-Time Equivalent (FTE) of 1,557. MCTC offers 50 Associate degrees and 15 Certificate programs in the areas of Allied Health and Life Sciences, Business and Information Technology, Liberal Arts and Human Services, and Occupational Development.

Marshall Community College was founded in 1975 as a separate college within Marshall University to better serve students by bringing together many of the two-year associate degree programs under one institution. Classes began in the fall of 1975 with a wide range of programs. From the outset, the Marshall Community College's mission has been to provide two year associate degrees as well as provide continuing education and community service.

In 1991, the Marshall Community College name was changed to Marshall Community and Technical College to better reflect the technical nature of many of the programs offered. On October 30, 2003, Marshall Community and Technical College became accredited as an independent institution by The Higher Learning Commission, a Commission of the North Central Association of Colleges and Schools. This accreditation was continued for ten years on July 3, 2008.

Prior to Fiscal Year 2009, MCTC was a separately accredited institution, administratively-linked to Marshall University. MCTC's financial information was included with the Marshall University Financial Statements through Fiscal Year 2008. With the passage of House Bill 3215 during the 2008 session of the West Virginia Legislature, MCTC became a free-standing and independent institution no longer administratively-linked to the four-year institution effective July 1, 2008. Due to the separation of the College from Marshall University in FY 2009, only one year of financial information is presented in the financial statements. Note 1 to the financial statements details the amount of net assets transferred from the University to the College.

MCTC is now governed by a separate Board of Governors. This twelve (12) member Board was established by House Bill 3215, effective July 1, 2008. The 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 MCTC.

Overview of the Financial Statements and Financial Analysis

Since MCTC is a new institution under the changes mandated by House Bill 3215, comparative data for years prior to Fiscal Year 2009 is not available. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. The Governmental Accounting Standards Board (GASB) issues directives for presentation of college and university financial statements. This report format places emphasis on the overall economic resources of the College.

Statement of Net Assets

A Statement of Net Assets presents the assets, liabilities, and net assets of MCTC as of the end of the fiscal year. A Statement of Net Assets is a point in time financial statement and provides a fiscal snapshot of the College. A Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities). Current assets and liabilities are typically associated with resources or obligations that will be used within the fiscal year. Noncurrent assets and liabilities are not typically used within the fiscal year. From the data presented, readers of a Statement of Net Assets are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, employees, lenders and others. Finally, a Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the College's equity in or ownership of property, plant and equipment. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net assets include endowments. The corpus of nonexpendable restricted resources is only available for investment purposes. MCTC does not have any nonexpendable restricted net assets at June 30, 2009. Expendable restricted net assets are available for expenditure by the College 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 these assets. The final category is unrestricted net assets. Unrestricted net assets are available for general use by the College.

Condensed Statement of Net Assets

(In Thousands)

		FY 2009
Assets		
Current Assets	$	8,574
Other noncurrent assets		4,707
Total Assets	$	13,281
Liabilities		
Current liabilities	$	2,559
Noncurrent liabilities		2,165
Total Liabilities	$	4,724
Net Assets		
Invested in capital assets, net of related debt	$	-
Restricted		16
Unrestricted		8,541
Total Net Assets		8,557
Total	$	13,281

Major Items of Note in the Condensed Statement of Net Assets include:

- Total current assets of $8.6 million exceeded total current liabilities of $2.6 million for a net working capital of $6.0 million.
- Noncurrent assets total $4.7 million compared to noncurrent liabilities of $2.2 million.
- The net assets total $8.6 million.
- Invested in Capital Assets, net of related debt shows no balance. This is because the $2,686,956 Debt Obligation of the Higher Education Policy Commission at July 1, 2008 was transferred to the College. The debt required to be assumed by the College is more than the book value of its Capital Assets; therefore, no balance is shown on this line. This negative balance of $822,966 is a reduction of the Unrestricted Net Assets balance.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of this statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid 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 received for which goods and services are not provided are reported as nonoperating revenues. For example, State appropriations are nonoperating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Federal Pell grants are reported as nonoperating because of specific guidance in the AICPA industry audit guide.

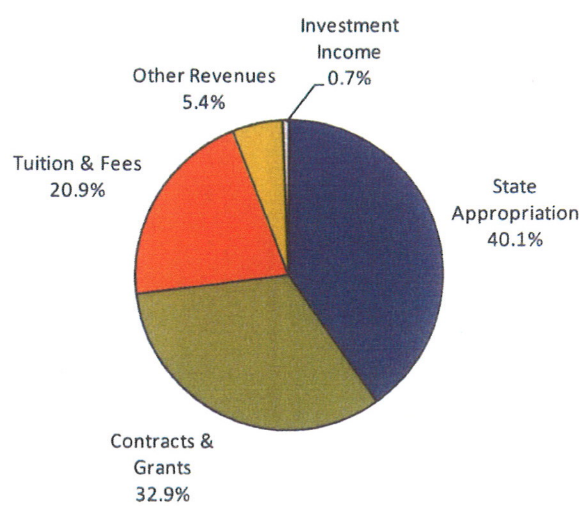
Condensed Statement of Revenues, Expenses and Changes in Net Assets
(In Thousands)

	FY 2009
Operating revenues	$ 5,919
Operating expenses	(16,880)
Operating Loss	(10,961)
Nonoperating revenues	9,724
Nonoperating expenses	(163)
Net Decrease in Net Assets before Transfer	(1,400)
Capital bond proceeds from the Commission	75
Transfer of assets from Marshall University	9,882
Net Increase in Net Assets	8,557
Net Assets - Beginning of Year	-
Net Assets - End of Year	$ 8,557

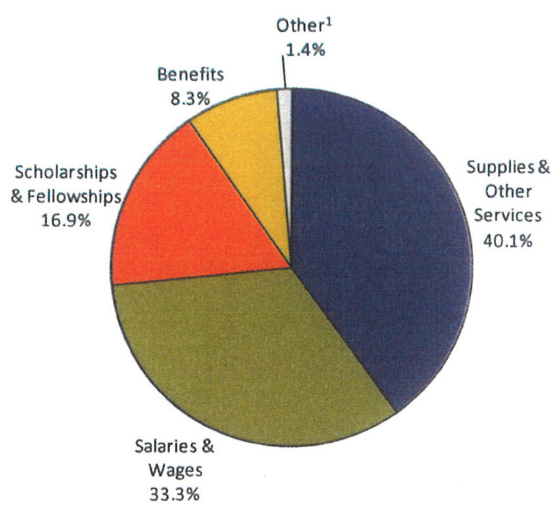
Major Items of Note in the Condensed Statement of Revenue, Expenses, and changes in Net Assets include:

- The total operating and nonoperating revenues of the College amount to $15.6 million. The most significant sources of revenue to the College are State appropriations accounting for 40% of the revenue. Student tuition and fees account for 21% of the revenue.
- Operating revenues totaled $5.9 million compared to operating expenses of $16.9 million, resulting in an $11 million operating loss.
- Nonoperating revenues of $9.7 million were used to help fund the operating expenses.
- Increase in Net Assets of $8.6 million is attributable to the $1.4 million net decrease in Net Assets for FY 2009 before capital bond proceeds of $75,000 and the $9.9 million transfer of Net Assets from Marshall University.

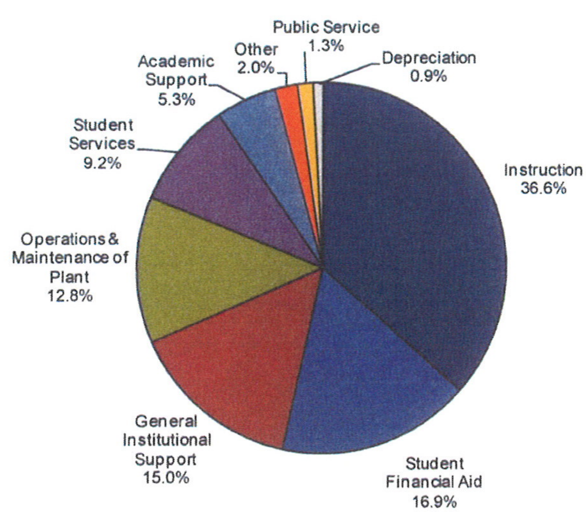
FY 2009
Total Operating and Nonoperating Revenues



FY 2009
Operating Expenses
by Object



FY 2009
Operating Expenses
by Function



Statement of Cash Flows

The final statement presented by Marshall Community and Technical College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Condensed Statement of Cash Flows
(In Thousands)

		FY 2009
Cash flows provided by (used in):		
Operating activities	$	(10,537)
Noncapital financing activities		18,631
Capital and related financing activities		(544)
Investing activities		122
Net change in current cash		7,672
Current cash, beginning of year		-
Current cash, end of year	$	7,672

Capital Asset and Debt Administration

The College continues to expand its facilities utilizing the Marshall University campus through Fiscal Year 2011 along with additional leased facilities. The College is expecting to receive $13.5 million to obtain its own facilities by Fiscal Year 2011 from an eighty million dollar bond issue of the Higher Education Policy Commission on behalf of the West Virginia Council for Community and Technical College Education. These funds will be used to provide a campus in the Huntington area, completing the separation from the University.

The College does not anticipate issuing any debt on its own. The debt currently reflected in MCTC's financial statements represents the Higher Education Policy Commission System Debt that the College must pay. Additional details regarding the Capital Assets and Debt Administration can be found in the notes to the financial statements.

Other Factors impacting the Financial Position and Operational Results of the College

As noted previously, House Bill 3215 established the College as a separate institution from Marshall University, effective July 1, 2008. The administration of the College decided that effective with the Fall Term 2009, the College would no longer contract for various administrative services with Marshall University, but would develop its own Student Information, Finance, and Human Resource/Payroll management systems.

In order to implement these systems, the College began to hire additional personnel in the second half of Fiscal Year 2009, thus utilizing significant additional resources in Fiscal Year 2009, while still buying these services from the University.

Within the Student Services and Business Services Divisions, additional employees were hired to take over the support services previously provided by the University effective July 1, 2009. These administrative services will be phased out of the agreement with the University in Fiscal Years 2010 and 2011. This should significantly decrease future costs for MCTC when comparing expenditures with Fiscal Year 2009.

Economic Outlook

Although the economic forecasts for the State and the nation are not positive, the College is looking forward to continued growth in students due to the need for its services. The federal government is increasing financial aid to students and the outlook for federal grants to the College looks promising. The College's emphasis on access and affordability along with controlling the finance and student information systems effective in Fiscal Year 2010 and obtaining a separate and distinct campus will enable the college to better meet the needs of its students implement its mission.

MARSHALL COMMUNITY AND TECHNICAL COLLEGE

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	7,672,300
Due from the Council/Commission		445,099
Due from Marshall University - current portion		350,000
Accounts receivable — net		106,609
Total current assets		8,574,008
NONCURRENT ASSETS:		
Due from Marshall University - noncurrent		3,150,000
Capital assets — net		1,557,316
Total noncurrent assets		4,707,316
TOTAL	$	13,281,324

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$	100,542
Due to State agencies		80,770
Due to Commission		94,628
Accrued liabilities		385,624
Compensated absences		290,868
Debt obligation due to Commission — current portion		319,821
Deferred revenue		1,286,967
Total current liabilities		2,559,220
NONCURRENT LIABILITIES:		
Other post employment benefits liability		104,338
Debt obligation due to Commission		2,060,461
Total noncurrent liabilities		2,164,799
Total liabilities		4,724,019
NET ASSETS:		
Invested in capital assets — net of related debt		-
Restricted for — expendable — scholarships		8,481
Restricted for — expendable — sponsored projects		7,553
Unrestricted		8,541,271
Total net assets		8,557,305
TOTAL	$	13,281,324

See notes to financial statements.

MARSHALL COMMUNITY AND TECHNICAL COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES:	
Student tuition and fees — net of scholarship allowance of $2,363,029	$ 3,262,281
Contracts and grants:	
Federal	204,949
State	1,646,438
Private	99,978
Sales and services of educational activities	58,466
Other operating revenues	647,108
Total operating revenues	5,919,220
OPERATING EXPENSES:	
Salaries and wages	5,629,132
Benefits	1,401,830
Supplies and other services	6,756,407
Utilities	11,856
Student financial aid — scholarships and fellowships	2,860,690
Depreciation	153,278
Fees assessed by the Commission for operations	66,694
Total operating expenses	16,879,887
OPERATING LOSS	(10,960,667)
NONOPERATING REVENUES (EXPENSES):	
State appropriations	6,286,742
Payments on behalf of Marshall Community and Technical College	102,279
Federal Pell grants	3,188,482
Gifts	38,276
Investment income	108,082
Interest on indebtedness	(18)
Other nonoperating expenses	(34,780)
Fees assessed by the Commission	(127,919)
Net nonoperating revenues	9,561,144
LOSS BEFORE OTHER REVENUE, EXPENSES, GAINS OR LOSSES, AND TRANSFER	(1,399,523)
CAPITAL BOND PROCEEDS FROM THE COMMISSION	75,028
TRANSFER OF NET ASSETS FROM MARSHALL UNIVERSITY	9,881,800
NET INCREASE IN NET ASSETS	8,557,305
NET ASSETS — Beginning of year	
NET ASSETS — End of year	$ 8,557,305

See notes to financial statements.

MARSHALL COMMUNITY AND TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Student tuition and fees	$ 3,209,236
Contracts and grants	2,493,639
Payments to and on behalf of employees	(6,675,316)
Payments to suppliers	(6,937,590)
Payments to utilities	(11,856)
Payments for scholarships and fellowships	(2,860,690)
Sales and service of educational activities	58,466
Auxiliary enterprise charges	272,101
Fees assessed by Commission	(66,694)
Other expenses — net	(18,517)
Net cash used in operating activities	(10,537,221)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	6,226,214
Federal Pell grants	3,188,482
Gift receipts	38,276
Transfer from Marshall University	9,178,516
Federal student loan program — direct lending receipts	6,855,052
Federal student loan program — direct lending payments	(6,854,961)
Net cash provided by noncapital financing activities	18,631,579
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital bond proceeds from the Commission	31,347
Purchases of capital assets	(138,547)
Principal paid on debt	(1,694)
Interest paid on debt	(18)
Principal payment on debt obligation due to the Commission	(306,674)
Fees assessed by the Commission	(127,919)
Net cash used in capital financing activities	(543,505)
CASH FLOWS FROM INVESTING ACTIVITY — Investment income	121,447
INCREASE IN CASH AND CASH EQUIVALENTS	7,672,300
CASH AND CASH EQUIVALENTS — Beginning of year	
CASH AND CASH EQUIVALENTS — End of year	$ 7,672,300

(Continued)

MARSHALL COMMUNITY AND TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (10,960,667)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation expense	153,278
Expenses paid on behalf of the College	102,279
Changes in assets and liabilities:	
Accounts receivables — net	(387,840)
Accounts payable	(181,184)
Accrued liabilities	98,883
Compensated absences	100,051
Accrued other post employment benefits liability	45,232
Deferred revenue	492,747
Net cash used in operating activities	$ (10,537,221)
NONCASH TRANSACTIONS:	
Loss on disposal of assets	$ 34,780
Transfer from Marshall University (exclusive of $9,178,516 of cash)	$ 703,284

See notes to financial statements. (Concluded)

1. ORGANIZATION

Marshall Community and Technical College (the "College") is governed by the Marshall Technical College Board of Governors (the "Board"). The Board was established by House Bill 3215, effective July 1, 2008, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. As required, the newly established College Board of Governors and Marshall University (the "University") Board of Governors jointly agreed on a division of assets and liabilities of the University. The division of all assets and liabilities was effective July 1, 2008. The amount of net assets transferred from the University to the College is summarized as follows:

Cash and cash equivalents	$ 9,178,516
Other assets	3,565,108
Capital assets - net	1,606,826
Compensated absences	(190,817)
Debt obligation to Commission	(2,686,956)
Other liabilities	(1,590,877)
	$ 9,881,800

Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the "Council") the responsibility of developing, overseeing, and advancing the State of West Virginia (the "State") public policy agenda as it relates to community and technical college education.

The University continued to provide services to the College and the College recorded $4.1 million in supplies and other services expense in connection with service agreements. A contractual arrangement can be negotiated for the University to provide services to the College until July 1, 2011 or until the governing boards of both institutions mutually agree to end the contract arrangement.

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 College under its jurisdiction, the duty to develop a master plan for the College, the power to prescribe the specific functions and College's budget request, the duty to review, at least every five years, all academic programs offered at the College, and the power to fix tuition and other fees for the different classes or categories of students enrolled at the College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The accompanying financial statements present all funds under the authority of the College. The basic criterion for inclusion in the accompanying 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.

Financial Statement Presentation — GASB Statements No. 35 and No. 38 establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a combined basis to focus on the College as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net assets are classified as follows:

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

Restricted Net Assets — Expendable — This includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Assets — Nonexpendable — This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net assets at June 30, 2009.

Unrestricted Net Assets — Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board to meet current expenses for any purpose.

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 financial statements have been prepared on the accrual basis of accounting with a focus on the flow of economic resources measurement. Revenues are reported when earned and expenditures when materials or services are received.

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, 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 Statement No. 31, *Accounting and Financial Reporting for Certain Investments for External Investment Pools*. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool (formerly Enhanced Yield Pool) and, accordingly, are presented as cash and cash equivalents in the accompanying 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 multi-participant 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.

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

Capital Assets — Capital assets include leasehold improvements and equipment. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. The capital assets transferred in were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3–10 years for furniture and equipment. Leasehold improvements are amortized over the period of the lease. The financial statements reflect all adjustments required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and for Insurance Recoveries*.

Deferred Revenue — Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenue. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits — The College accounts for compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*.

The College accounts for other post employment benefits (OPEB) in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement provides standards 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. Details regarding this plan 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.

These statements require 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 1½ sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later, will no longer receive sick leave credit toward insurance premiums when they retire. This liability is now provided for under the multiple employer cost-sharing plan approved 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 forward insurance premiums when they retire.

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

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

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

In addition, through its participation in PEIA and third-party insurers, 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 insurers, 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 nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, such as state appropriations and investment income.

Other Revenues — Other revenues consist primarily of capital gains and gifts.

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

Federal Financial Assistance Programs — The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through universities like the College. Direct student loan receivables are not included in the College's statement of net assets as the loans are repayable directly to the U.S. Department of Education. In 2009, the College received and disbursed approximately $6,855,052 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 statement of revenues, expenses, and changes in net assets.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2009, the College was awarded approximately $3,340,000 under these federal student aid programs. The distribution of these awards was made on their behalf by the University.

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

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. 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 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.

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

Newly Adopted Statements Issued by the GASB — During 2009, the College adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, as required. The adoption of this statement had no impact on the financial statements.

During 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement identifies the sources of accounting principles and provides the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles. The College adopted GASB Statement No. 55 upon issuance.

During 2009, the GASB also issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The College adopted GASB Statement No. 56 upon issuance.

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

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

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents as of June 30, 2009, are held as follows:

State Treasurer	$7,663,790
In bank	8,460
On hand	50
	$7,672,300

The combined carrying amount of cash in the bank was $8,460, as compared with the combined bank balance of $17,528 at June 30, 2009. The difference is primarily caused by outstanding checks. The bank balances were covered by federal depository insurance or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer as of June 30, 2009, are comprised of the following investment pools:

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

WV Money Market

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2009, 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 P1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2009, the WV Money Market Pool investments had a total carrying value of $2,570,261,000, of which the College's ownership represents 0.27%.

WV Government Money Market Pool

Credit Risk — For the year ended June 30, 2009, the WV Government Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, 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, 2009, the WV Government Money Market Pool investments had a total carrying value of $283,826,000, of which the College's ownership represents 0.02%.

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 P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands) at June 30, 2009:

	Credit Rating*		Carrying	Percent of
Security Type	Moody's	S&P	Value	Pool Assets
Corporate asset backed securities				
	Aaa	AAA	$ 16,402	5.21 %
	Aaa	NR	5,136	1.63
	Aa3	AAA	223	0.07
	Aa2	AAA	461	0.15
	A3	AAA	273	0.09
	Baa2	AAA	831	0.26
	Baa1	BBB**	332	0.10
	Baa2	BBB**	1,376	0.44
	Ba3	AAA	645	0.20
	B1	AAA	779	0.25
	B2	B**	493	0.16
	B2	CCC**	539	0.17
	B3	AAA	949	0.30
	Caa1	BB**	254	0.08
	NR	AAA	679	0.22
			29,372	9.33
Corporate bonds and notes	Aaa	AAA	47,204	14.99
	Aa1	AA	4,445	1.41
	Aa1	A	2,052	0.65
	Aa2	AAA	3,040	0.96
	Aa2	AA	9,066	2.88
	Aa3	A	7,831	2.49
	A1	AA	4,813	1.53
	A1	A	5,522	1.75
	A2	A	32,040	10.17
	A3	A	7,024	2.23
	Baa3	A	2,067	0.66
			125,104	39.72
U.S. agency bonds	Aaa	AAA	60,250	19.13
U.S. Treasury notes***	Aaa	AAA	88,805	28.20
U.S. agency mortgage backed securities****	Aaa	AAA	4,975	1.58
Money market funds	Aaa	AAA	6,426	2.04
			$314,932	100%

* NR = Not Rated

** The securities were not in compliance with BTI Investment Policy at June 30, 2009. 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 issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2009, the College's ownership represents 0.04% of these amounts held by the BTI.

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

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool at June 30, 2009:

Security Type	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 212,010	1
U.S. Treasury bills	483,714	69
Commercial paper	592,479	32
Certificates of deposit	128,402	56
U.S. agency discount notes	635,602	57
Corporate bonds and notes	73,812	38
U.S. agency bonds/notes	294,019	70
Money market funds	150,223	1
	$2,570,261	47

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool at June 30, 2009:

Security Type	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 53,000	1
U.S. Treasury bills	74,424	94
U.S. agency discount notes	87,662	55
U.S. agency bonds/notes	68,608	37
Money market funds	132	1
	$ 283,826	51

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool at June 30, 2009:

Security Type	Carrying Value (in Thousands)	Effective Duration (Days)
U.S. Treasury bonds/notes	$ 88,805	917
Corporate notes	125,104	559
Corporate asset backed securities	29,372	622
U.S. agency bonds/notes	60,250	752
U.S. agency mortgage backed securities	4,975	540
Money market funds	6,426	1
	$ 314,932	691

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 the lending agent's money market fund in the BTI's name. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

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

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

4. ACCOUNTS RECEIVABLE`

Accounts receivable as of June 30, 2009, are as follows:

Student tuition and fees — net of allowance for doubtful account of $76,937	$ 8,500
Due from other State agencies	77,825
Other accounts receivable	580
Grants and contracts receivable	19,704
	$ 106,609

5. CAPITAL ASSETS

Summary of capital assets transactions for the College as of June 30, 2009, is as follows:

	Beginning Balance	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated —					
Land	$ -	$ 356,909	$	$	$ 356,909
Construction in progress	-	273,448	64,948		338,396
Total capital assets not being depreciated	-	630,357	64,948		695,305
Other capital assets:					
Building leasehold improvements	-	677,684			677,684
Equipment	-	1,437,581	73,599	(318,853)	1,192,327
Total other capital assets	-	2,115,265	73,599	(318,853)	1,870,011
Less accumulated depreciation for:					
Building leasehold improvements	-	125,371	13,554		138,925
Equipment	-	1,013,425	139,724	(284,074)	869,075
Total accumulated depreciation	-	1,138,796	153,278	(284,074)	1,008,000
Other capital assets — net	$ -	$ 1,606,826	$ (14,731)	$ (34,779)	$ 1,557,316
Capital asset summary:					
Capital assets not being depreciated	$ -	$ 630,357	$ 64,948	$	$ 695,305
Other capital assets		2,115,265	73,599	(318,853)	1,870,011
Total cost of capital assets		2,745,622	138,547	(318,853)	2,565,316
Less accumulated depreciation		(1,138,796)	(153,278)	284,074	(1,008,000)
Capital assets — net	$ -	$ 1,606,826	$ (14,731)	$ (34,779)	$ 1,557,316

Title for certain assets recorded above has not yet been transferred from the University.

6. LONG-TERM LIABILITIES

Summary of long-term obligation transactions for the College for the year ended June 30, 2009, is as follows:

	Beginning Balance	Transfer	Additions	Reductions	Ending Balance	Current Portion
Long-term liabilities:						
OPEB liability	$ -	$ 59,106	$ 151,106	$(105,874)	$ 104,338	
Debt obligation due to Commission		2,686,956		(306,674)	2,380,282	$319,821
Total long-term liabilities	$ -	$ 2,746,062	$ 151,106	$(412,548)	$ 2,484,620	

7. OTHER POSTEMPLOYMENT BENEFITS

In accordance with GASB Statement No. 45, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2009, the noncurrent liability related to OPEB costs was $104,338. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $262,430 and $114,920, respectively, during 2009. As of the year ended June 30, 2009, there were two retirees receiving these benefits.

8. 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 the 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 University 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.

For the year ended June 30, 2009, debt service assessed is as follows:

Principal	$ 306,674
Interest	122,530
Other	5,389
	$ 434,593

During the year ended June 30, 2005, the Commission issued $167,000,000 of 2005 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. The College has been approved to receive $4,253,559 of these funds. The College has recognized $4,068,571 of this approved amount as of June 30, 2009. State lottery funds will be used to repay the debt, although the College revenues are pledged if lottery funds prove insufficient.

9. UNRESTRICTED NET ASSETS

The College did not have any designated unrestricted net assets as of June 30, 2009.

10. RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan.

Total contributions to the Educators Money for the year ended June 30, 2009, were approximately $10,000, which consisted of approximately $5,000 from both the College and from covered employees.

The STRS is a cost-sharing, defined benefit, public employee retirement system. Employer and employee contribution rates are established annually by the West Virginia 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, 2009. Required employee contributions were at the rate of 6% of total annual salary for the year ended June 30, 2009. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest five years' salary out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the year ended June 30, 2009, were approximately $73,000, which consisted of approximately $52,000 from the College and approximately $21,000 from the covered employees.

The contribution rate is set by the West Virginia 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 and Educators Money are defined-contribution benefit plans 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 and Educators Money, which are not matched by the College.

Total contributions to the TIAA-CREF for the year ended June 30, 2009, were approximately $480,000, which consisted of equal contributions from the College and covered employees of approximately $240,000.

The College's total payroll for the year ended June 30, 2009, was approximately $5,630,000 and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were approximately $349,000, $4,005,000, and $76,000, respectively.

11. 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 have a significant financial impact on the financial position of the College.

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

12. MARSHALL UNIVERSITY FOUNDATION, INC.

The Marshall University Foundation, Inc. (the "Foundation") is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of the University and its affiliated nonprofit organizations. The Foundation has a board of directors authorized to have 40 members selected by its Board members. At present, there are 37 members, including the President of the University as a nonvoting ex-officio member. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. The MCTC administration does not control the resources of the Foundation. Since the College was a part of the University for many years, the Foundation has obtained resources designated for MCTC programs and/or students. As of June 30, 2009, there were five funds within the Foundation of approximately $170,000.

13. MCTC FOUNDATION, INC.

With the change in State law to establish the College as a separate entity, a separate nonprofit MCTC Foundation was incorporated in the State, effective July 1, 2009, whose purpose is to benefit the work and services of the College. The Foundation has a three-member Board and expects to expand its membership soon. There was no activity in the MCTC Foundation in fiscal year 2009.

14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2009, the following table represents operating expenses within both natural and functional classifications:

	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	$ 4,620,185	$ 1,074,025	$ 467,341	$	$	$	$	$ 6,161,551
Public service	56,446	27,779	142,004					226,229
Academic support	78,896	9,447	805,834					894,177
Student services	232,288	94,191	1,226,741					1,553,220
General institutional support	641,317	196,388	1,692,530					2,530,235
Operations and maintenance of plant			2,149,856	11,856				2,161,712
Student financial aid					2,860,690			2,860,690
Depreciation						153,278		153,278
Other			272,101				66,694	338,795
Total	$ 5,629,132	$ 1,401,830	$ 6,756,407	$ 11,856	$ 2,860,690	$ 153,278	$ 66,694	$ 16,879,887

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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 Governing Board of
Marshall Community and Technical College:

We have audited the financial statements of Marshall Community and Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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 defined above.

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*.

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

Deloitte & Touche LLP

October 7, 2009