WEST VIRGINIA UNIVERSITY AT PARKERSBURG

Financial Statements
for the Years Ended June 30, 2010 and 2009
and Independent Auditors' Reports

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

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INDEPENDENT AUDITORS' REPORT

To the West Virginia University at Parkersburg Board of Governors:

We have audited the accompanying statements of net assets of West Virginia University at Parkersburg ("WVU at Parkersburg") as of June 30, 2010 and 2009 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the management of WVU at Parkersburg. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the discretely presented financial statements of the WVU at Parkersburg Foundation, Inc. (the "Foundation"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the Foundation, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Foundation, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of 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 WVU at Parkersburg'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 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 audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such financial statements present fairly, in all material respects, the financial position of WVU at Parkersburg at June 30, 2010 and 2009 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 to 14 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of WVU at Parkersburg'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 13, 2010, on our consideration of WVU at Parkersburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 13, 2010

Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2010

Overview

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) standards. This section of West Virginia University at Parkersburg's ("WVU at Parkersburg", "WVUP", or "College") annual financial report provides an overview of WVUP's financial performance during the fiscal year ended June 30, 2010 as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2009, which was WVUP's first year as a separately governed institution, compared to fiscal year 2008, when WVUP was included within West Virginia University. The primary focus is on fiscal year 2010.

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

Financial Highlights

At June 30, 2010, WVUP's total net assets increased from the previous year-end by $1.4 million, primarily due to increases in cash and cash equivalents and capital assets, net of depreciation, as well as decreases in deferred revenue and debt service assessment payable to the Commission. These changes were partially offset by increases in other post employment benefits ("OPEB") liability and accounts payable, as well as decreases in accounts receivable.

Total revenues grew by 16.6%, mainly due to increases in Pell grants and net tuition and fees. Total expenses increased 20.5% from prior year mainly because of increased scholarship expense, salaries and benefits, supplies and other services, and service agreement expense.

Net Assets

The statements of net assets present the assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities) of WVUP as of the end of the fiscal years. Assets denote the resources available to continue the operations of WVUP. Liabilities indicate how much WVUP owes vendors, employees and lenders. Net assets measure the equity or the availability of funds of WVUP for future periods.

Net Assets are displayed in three major categories:

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

Restricted net assets. This category includes net assets, the use of which is restricted, either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - nonexpendable and expendable. **Nonexpendable restricted net assets** include endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. WVUP did not have any nonexpendable restricted net assets during fiscal year 2009 or fiscal year 2010. **Expendable restricted net assets** include resources for which WVU at Parkersburg is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

Condensed Statements of Net Assets (in thousands)

	As of June 30	
	2010	**2009**
Assets		
Current Assets	$ 11,306	$ 10,084
Noncurrent Assets	14,944	14,504
Total Assets	$ 26,250	$ 24,588
Liabilities		
Current Liabilities	$ 4,222	$ 5,177
Noncurrent Liabilities	5,291	4,035
Total Liabilities	$ 9,513	$ 9,212
Net Assets		
Invested in Capital Assets, net of related debt	$ 11,303	$ 10,764
Restricted	326	1,240
Unrestricted	5,108	3,372
Total Net Assets	$ 16,737	$ 15,376

Total assets of WVU at Parkersburg increased by $1.6 million to a total of $26.2 million as of June 30, 2010. The increase was primarily due to an increase in cash and cash equivalents and net capital assets.

- Cash and cash equivalents increased by $2.1 million compared to prior year primarily due to increased cash inflows from tuition and fee revenue. This increase was partially offset by spending on equipment for the Energy Performance Phase II Contract with Siemens Building Technologies. This increase is consistent with the increase that occurred from 2008 to 2009 of $1.9 million.

- Capital assets, net increased by $866,000 as a result of construction-in-progress activity including upgrades under the Energy Performance Contract Phase II and building improvement projects on campus including fire alarm system and elevator upgrades. The increase of $1.9 million in this category was slightly higher from 2008 to 2009 mainly due to the donation of the W.T. Grant building that WVU Parkersburg received in fiscal year 2009.

- Due from the Commission decreased by $1.2 million compared to previous year. In fiscal year 2010, WVUP received grants and State appropriations for various projects and programs including: funds from a Legislative Improvement Package to provide lab and equipment upgrades across campus, a Renewal Energy Technology Grant, and a special legislative appropriation for expenses related to WVUP's separation from WVU per House Bill 3215. These amounts were recorded as receivable as of June 30, 2009 and were one time awards. The decrease experienced from 2009 to 2010 is equal to the increase experienced from 2008 to 2009 as the receipt of these awards was a onetime occurrence.

- Net accounts receivable decreased by approximately $154,000 due to decreases in grants outstanding at June 30, 2010 as compared to the previous year. As of the end of fiscal year 2010, the only grant receivable outstanding was a Governor's Community Participation Grant to be used for WVUP's day care center. Student accounts receivable also decreased due to new invoicing procedures that have resulted in invoices being paid in a timely manner. Net accounts receivable had increased from fiscal year 2008 to fiscal year 2009 by $110,000 due to an increase in grants receivable at the end of fiscal year 2009.

Total liabilities for the year increased by $301,000 over prior year. This increase is primarily attributable to increases in OPEB liability and accounts payable. These increases were partially offset by decreases in deferred revenue and debt service assessment payable to the Commission.

- Other Post Employment Benefits liability increased by $1.5 million primarily due to significant increase in the Annual Required Contribution ("ARC") rate allocated to WVUP by the West Virginia Retiree Health Benefit Trust Fund (the "Trust"). An additional increase was because no State contributions were paid into the Trust on behalf of WVUP. The OPEB liability had increased from fiscal year 2008 to fiscal year 2009 by $240,000, and is expected to continue this upward trend in the future.

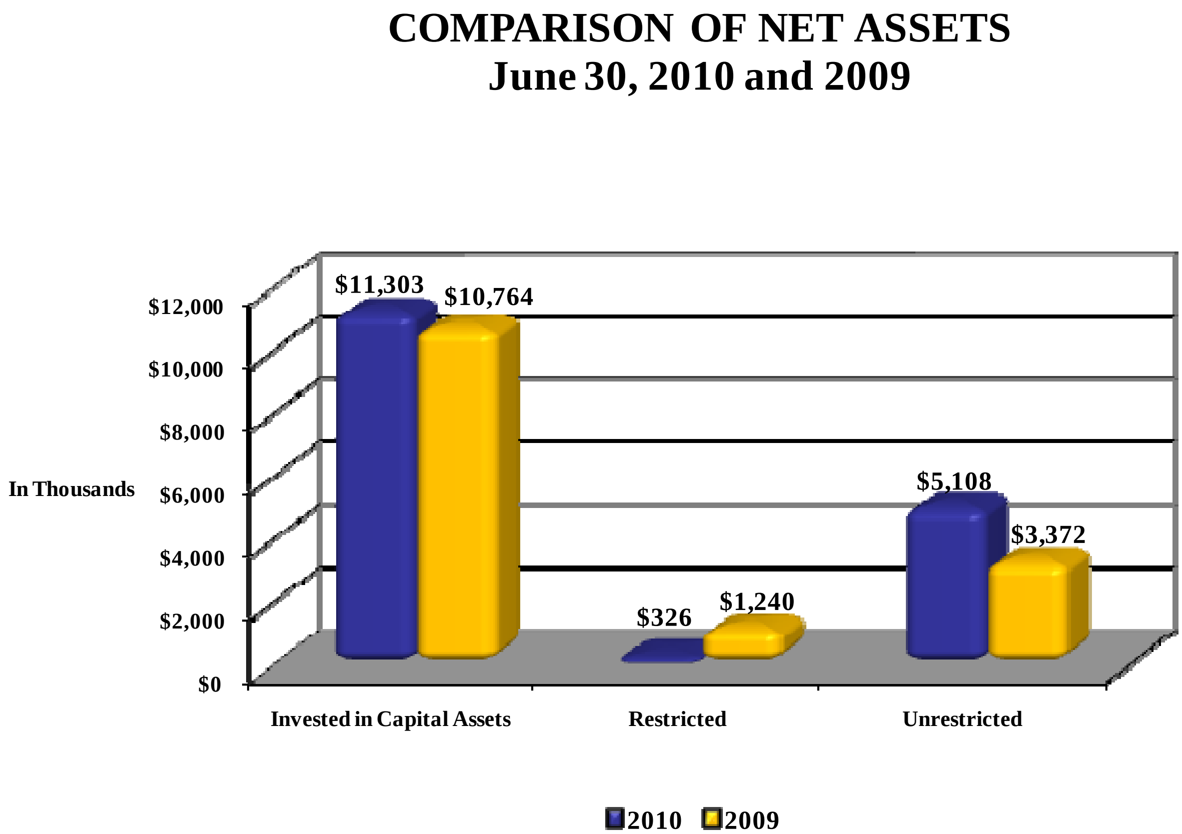
- Accounts and service agreement payable increased by approximately $88,000 primarily due to the increase in service agreement payable of $63,000. This is payment due to WVU for services rendered during fiscal year 2010 per the agreement entered into by WVU and WVUP. The increase in accounts payable from fiscal year 2008 to 2009 was higher.

- Deferred revenue decreased by $1.1 million over prior year. This is due to a decline in deferred revenue recorded for various grants such as Electro Mechanical Training, Chemical Process Technician, and SB 1011 Nursing. Deferred revenue had increased from fiscal year 2008 to fiscal year 2009 by $2.6 million due to advanced payments on these same grants.

- Debt service assessment payable to the Commission decreased by $137,000 due to scheduled debt service (principal) payments in fiscal year 2010. This decrease is consistent with the decrease in such liability from fiscal year 2008 to fiscal year 2009 of $130,000.

WVUP's current assets of $11.3 million were sufficient to cover current liabilities of $4.2 million, indicating that WVUP has sufficient available resources to meet its current obligations.

The following is a comparative illustration of net assets.



Invested in capital assets, net of related debt increased by $539,000 primarily due to an increase in capital assets, net, which was offset by decreases in debt assessment payable to the Commission and leases payable. This increase is comparable to the increase in this category from fiscal year 2008 to fiscal year 2009 of $753,000.

Restricted net assets decreased by $914,000 primarily due to a decrease in the restricted for sponsored programs category. This decrease is due to less revenue for restricted state grants and contracts in fiscal year 2010 compared to fiscal year 2009. This decrease is comparable to the increase in this category from fiscal year 2008 to fiscal year 2009 of $775,000.

Unrestricted net assets increased by $1.7 million primarily due to an increase in the cash balance, which was partially offset by an increase in the OPEB liability. The increase in this category was higher from fiscal year 2008 to fiscal year 2009, which was $1.3 million, not considering the transfer of assets from WVU in accordance with House Bill 3215 of $13.4 million.

Revenues, Expenses and Changes in Net Assets

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

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

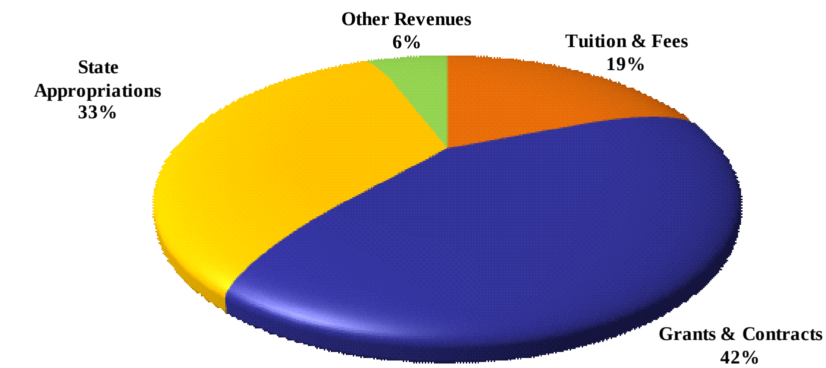
Condensed Statements of Revenues, Expenses and Changes in Net Assets (in thousands)

	Year Ended June 30	
	2010	**2009**
Operating Revenues	$ 9,917	$ 8,534
Operating Expenses	28,155	23,429
Operating Loss	(18,238)	(14,895)
Net Nonoperating Revenues	19,587	16,292
Income before Other Revenues, Expenses, Gains, or Losses	1,349	1,397
Capital Grants and Gifts	-	550
Capital payments on behalf of the university	12	-
Transfer of Net Assets from WVU	-	13,429
Increase in Net Assets	1,361	15,376
Net Assets at Beginning of Year	15,376	-
Net Assets at End of Year	$ 16,737	$ 15,376

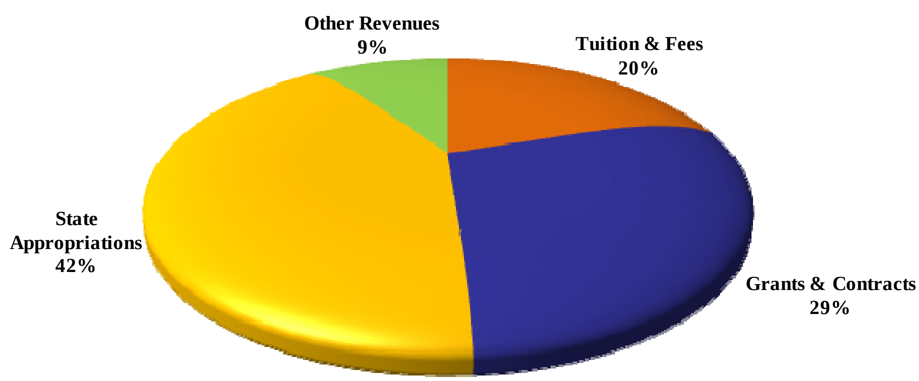
Revenues:

The following charts illustrate the composition of revenues by source for 2010 and 2009.

2010



2009



Total revenues for fiscal year 2010 were $29.7 million, an increase of $4.2 million over prior year. The most significant sources of revenue for WVUP are State appropriations, grants and contracts, and tuition and fees. Some highlights of the information presented on the statement of revenues, expenses, and changes in net assets are as follows:

- Pell grants revenue increased by $4.5 million. This increase can be attributed to a significant increase in the number of students utilizing the Workforce and Trade Adjustment Assistance programs during fiscal year 2010. Other factors for the increase are an increase in the Pell award per student, an increase in enrollment, and an increase in the number of full time students. This increase is substantially higher than the increase that occurred from fiscal year 2008 to fiscal year 2009, which was $680,000.

- Gross tuition and fees increased by $2.4 million due to an increase in the both the fee rate and the number of students. An 8.6% increase in tuition went into effect during fiscal year 2010. This rate increase applied to both in-state and out-of-state students, as well as both upper and lower division courses. WVUP saw a 15% increase in fall enrollment, followed by a 16% increase in enrollment for the spring semester. This increase is substantially higher than the increase that occurred from fiscal year 2008 to fiscal year 2009 of $400,000, which was primarily due to an increase in tuition of 5%.

- State grants and contracts revenue increased by $892,000. This increase is closely tied to the decrease in deferred revenue. In fiscal year 2009, approximately $872,000 in state grants and contracts revenue was deferred. This revenue was able to be recognized in fiscal year 2010, causing the increase. This increase is higher than the increase of $440,000 from fiscal year 2008 to fiscal year 2009.

- State appropriations decreased by $1.5 million due to a combination of factors. $875,000 of this decrease is attributable to one-time, non-recurring special legislative appropriations allocated to WVUP in fiscal year 2009 to cover expenses related to WVUP's separation from WVU per House Bill 3215, as well as a legislative improvement package designed to provide lab and equipment upgrades across campus. General State appropriations also declined by $675,000 as a result of a State planned reduction in the base budget allocations. However, this decrease was offset by State fiscal stabilization funds, which were Federal American Recovery and Reinvestment Act funds allocated by the state for this purpose.

- There were no capital grants and contracts in fiscal year 2010. During fiscal year 2009, the W.T. Grant building was donated by The Erickson Foundation with a market value of $550,000, a one-time event.

- There were no payments on behalf of the University for OPEB in fiscal year 2010. During fiscal year 2009 the State transferred funds of $197,000 into the Trust on behalf of WVUP's General Revenue funded employees. This category of revenue had declined from fiscal year 2008 to fiscal year 2009 by approximately $100,000.

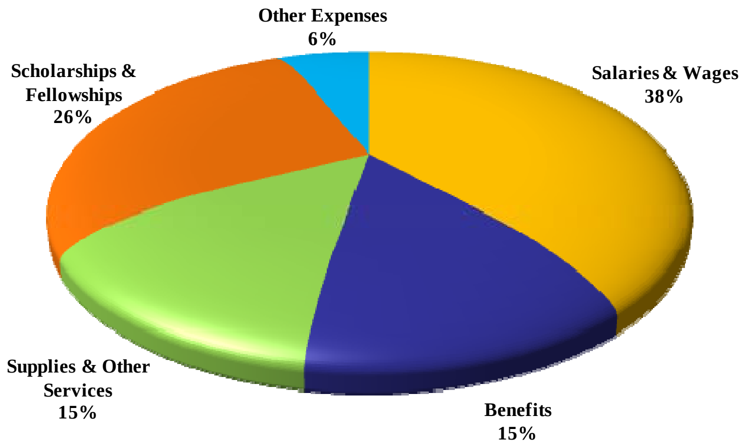
- Federal grants and contracts revenue decreased by $92,000 over prior year. This category of revenue had increased from fiscal year 2008 to fiscal year 2009 by $350,000.

- Nongovernmental grants and contracts revenue decreased by $82,000. This decrease is mainly due to a decrease in private scholarship disbursements compared to prior year. The remainder of the decrease is related to a slight decline in the UPMC Schoolhouse Safety Grant. This decrease is comparable to, but higher than, the decrease in this revenue category from fiscal year 2008 to fiscal year 2009.

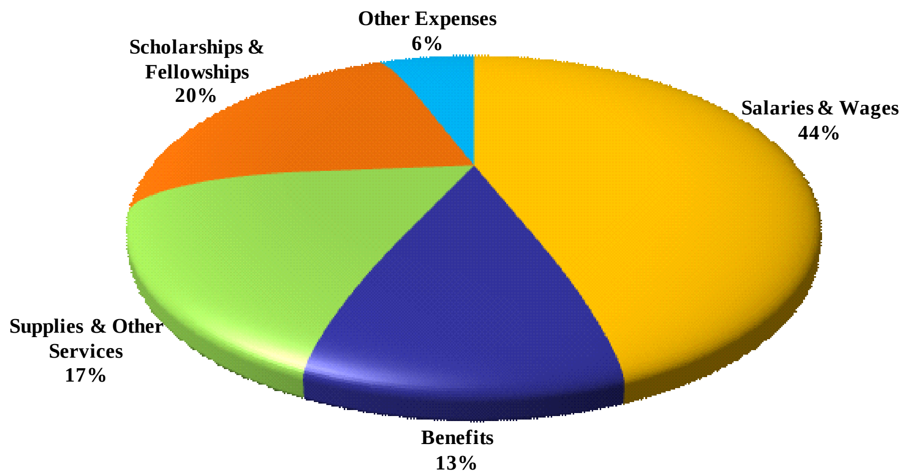
- Investment income decreased by $54,000. The main components of this decrease were a declining balance in the Energy Performance Phase II account, and also a decrease in interest received from HEPC. This decrease is comparable to, but less than, the decrease in this revenue category from fiscal year 2008 to fiscal year 2009 of $140,000.

Expenses:
The following is a graphic comparison of total expenses by category between 2010 and 2009.

2010



2009



Total expenses for fiscal year 2010 were $28.4 million, an increase of $4.8 million from prior year. This increase is consistent with, but higher than, the increase in total expenses from fiscal year 2008 to fiscal year 2009 of $2.1 million. This increase is primarily due to an increase in several categories of expenses as detailed below.

- Scholarship and fellowship expenses increased by approximately $2.7 million over the prior year. This increase is mainly due to the significant increase in student financial assistance funds distributed under the Pell grant program and is due to the large increase in the number of students. This increase is substantially higher than the increase from fiscal year 2008 to fiscal year 2009 of $630,000.

- Benefits expense increased by $1.1 million compared to the previous year. This increase is mainly due to a large increase in OPEB expense resulting from a significantly higher annual required contribution allocation from the Trust fund and elimination of transfers of State general funds into the Trust fund during fiscal year 2010. Benefits expense had experienced an increase from fiscal year 2008 to fiscal year 2009 in correlation with an increase in salaries and wages.

- Salaries and wages increased by approximately $450,000 from the prior year. This increase is largely due to the hire of approximately ten new employees, necessitated by an increase in enrollment at WVU Parkersburg during fiscal year 2010. Included in the new hires are two new positions, Program Coordinator and Information Systems Tech, that were created at WVUP. This increase is consistent with, but less than the increase in this expense category from fiscal year 2008 to fiscal year 2009 of $870,000.

- Supplies and other services increased by $259,000 mainly due to increases in computer services and supplies, office and communication equipment, and repairs to building and household equipment. This increase is consistent with, but less than the increase in this expense category from fiscal year 2008 to fiscal year 2009 of $860,000.

- Service agreement expense of $250,000 was new, due to the service agreement entered into by WVU and WVUP which came into effect for fiscal year 2010. Per this agreement, WVUP will pay WVU a yearly sum of $250,000 for services performed on their behalf.

- Interest on capital related debt increased by $122,000 as a result of interest payments made on the Energy Performance Phase II contract with Siemens Building Technologies, Inc. during fiscal year 2010. This increase is comparable to the increase from fiscal year 2008 to fiscal year 2009 of $80,000.

Cash Flows

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

The statement of cash flows is divided into five sections:

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

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

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

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

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

Condensed Statements of Cash Flows (in thousands)

	Year Ended June 30	
	2010	**2009**
Cash Provided (Used) By:		
Operating Activities	$ (16,723)	$ (11,307)
Noncapital Financing Activities	20,651	22,075
Capital Financing Activities	(1,831)	(2,138)
Investing Activities	22	83
Increase in Cash and Cash Equivalents	2,119	8,713
Cash and Cash Equivalents, Beginning of Year	8,713	-
Cash and Cash Equivalents, End of Year	$ 10,832	$ 8,713

Total cash and cash equivalents increased by $2.1 million during fiscal year 2010 to $10.8 million.

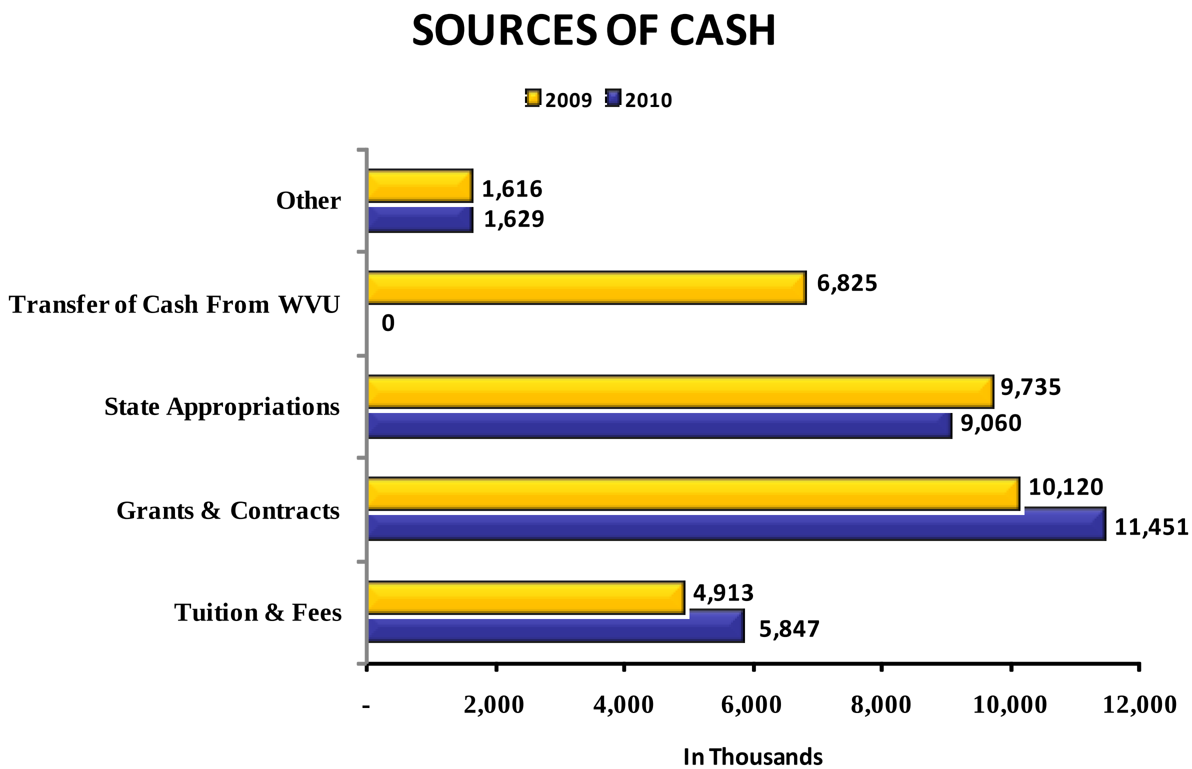
- Net cash used in operating activities increased by $5.4 million primarily due to an increase in payments for scholarships and fellowships. This increase in outflows was partially offset by an increase in cash inflows from tuition and fees.

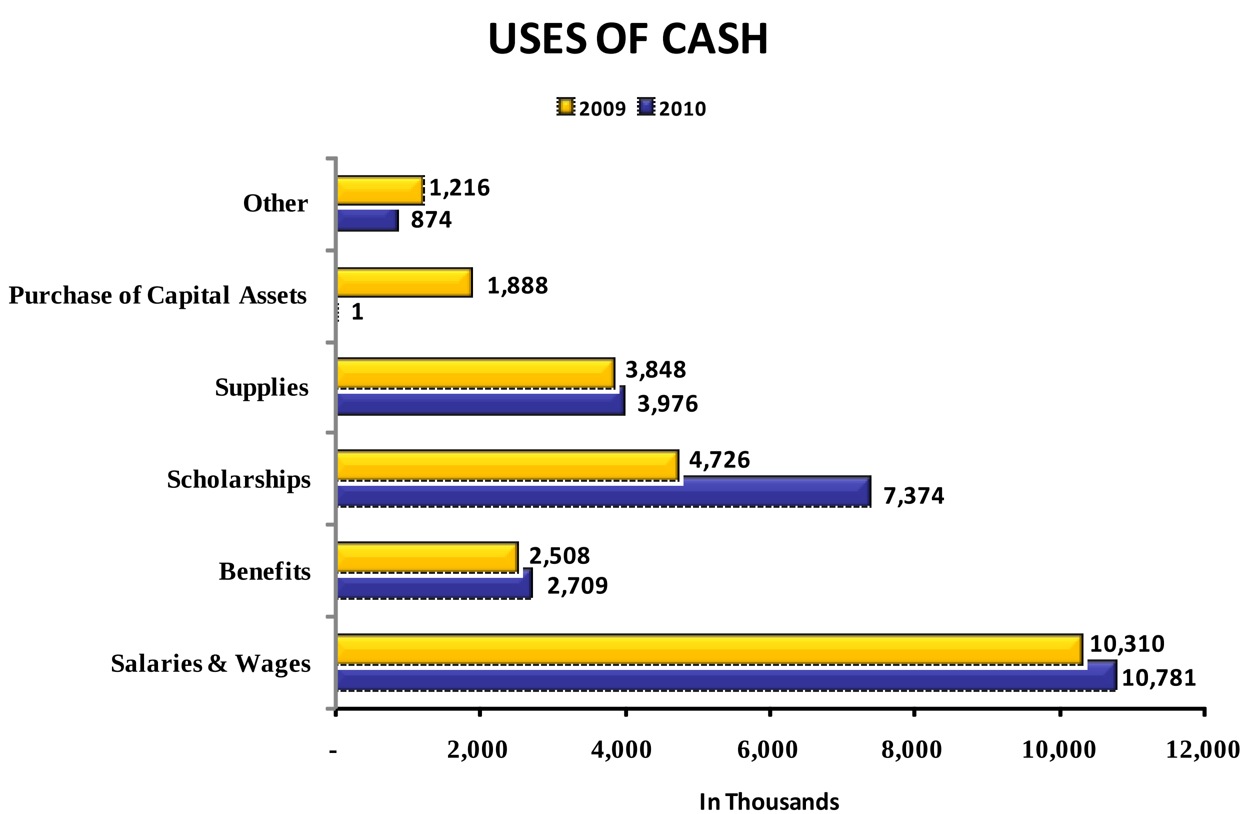
- Net cash provided by noncapital financing activities decreased by approximately $1.4 million primarily due to transfers of cash from WVU in accordance with the provisions of House Bill 3215 during fiscal year 2009. This decrease was partially offset by an increase in cash inflows from Federal Pell grants.

- Net cash used in capital financing activities decreased by $307,000 primarily due to a decrease in cash outflows for the purchase of capital assets. This category had experienced a significantly higher decrease from fiscal year 2008 to fiscal year 2009 due to the receipt of funds for the Energy Performance Phase II Contract with Siemens Building Technologies that occurred in fiscal year 2008.

- Net cash from investing activities decreased by $61,000 as a result of a decrease in investment income.

The following graphs illustrate the sources and uses of cash –





Capital Asset and Long Term Debt Activity

WVU at Parkersburg completed several construction projects in fiscal year 2010 and 2009, financed by leases, gifts and other WVUP funds.

2010

- The most significant capital activity occurred under the Energy Performance Contract. This activity is part of a lease purchase agreement entered into by WVU in the amount of $12.5 million with SunTrust Leasing Corporation to finance phase II of a performance energy contract with Siemens Building Technologies, Inc. WVU at Parkersburg's portion of this agreement totals approximately $3.3 million. The performance energy contract is designed to reduce energy consumption, reduce deferred maintenance, implement life safety improvements, and advance operational enhancements throughout the campus of WVUP. The funds for the entire project were held in an escrow account with BB&T. BB&T paid $426,000 during fiscal year 2010 to Siemens for progress payments attributable to WVUP related to this contract. Payments during fiscal year 2010 were the final progress payments for this project.

- WVU at Parkersburg also completed fire alarm system upgrades, as well as elevator upgrades on campus during fiscal year 2010.

2009

- Significant capital activity occurred under the Energy Performance Contract during fiscal year 2009 as well. BB&T paid $1.3 million during fiscal year 2009 to Siemens for progress payments attributable to WVUP related to this contract.

- WVU at Parkersburg completed construction of a new art lab during the summer of 2008. WVUP also completed land improvements projects which included parking lot improvements and grounds grading.

WVU at Parkersburg has planned capital expenditures of close to one million dollars over fiscal years 2011 and 2012. The largest project is a $400,000 roof replacement on the downtown center. Other projects include remodeling the business office and theater. There are also plans for construction of an information technology center and a student plaza.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on various revenue bonds that were issued for the financing of academic and other facilities of the State's universities and colleges, including certain facilities at WVUP. The bonds remain as a capital obligation of the Commission; however $295,000 and $432,000 is reported as debt service assessment payable to the Commission by WVU at Parkersburg as of June 30, 2010 and 2009, respectively.

Economic Outlook

WVU Parkersburg is located in Wood County in West Virginia. The West Virginia Economic Outlook 2010, a report published by the WVU Bureau of Business and Economic Research, indicates that Wood County's economic performance is very close to the State average in terms of the rate of change in employment. The report expects West Virginia employment to stabilize during the first half of 2010 and experience growth thereafter. Wood County's employment can be expected to move in tandem with the State average rate as the State and the nation move out of the recession. However, the report expects employment gains to be slow and the State may not regain 2008 employment levels until 2013.

Since WVUP receives nearly a third of its annual operating resources in the form of State appropriations, the College's financial resources are closely tied to the fiscal performance of the State of West Virginia. The severe economic downturn in the State of West Virginia, along with the rest of the United States, experienced in the 2009 fiscal year continued through the 2010 fiscal year. Although there are signs that the State's economy may be rebounding, due to unpredicted increases in State revenue collection in the summer of 2010, the fiscal situation has not changed significantly, and WVUP's revenues from State appropriations may not see significant increases beyond pre-recession levels in the coming fiscal years.

To help manage the reduction in State appropriations, WVUP continues to implement numerous cost control measures in order to reduce the growth in operating expenditures in the coming fiscal years. A significant source of revenue increase in the past has been student tuition and fees. The option of increasing tuition is not available in the 2010-2011 academic year and may not be in the foreseeable future, despite the fact that WVUP has one of the lowest tuition rates in West Virginia.

Tuition revenue is also a significant share (20%) of WVUP's operating resources, and it is materially impacted by fluctuations in enrollment, which occur in response to major changes in overall economic conditions. The recent economic downturn led to a significant increase in enrollment at WVUP, as displaced and underemployed members of the workforce have enrolled at WVUP to further their education. This increase generated additional tuition and fees revenues for WVUP. The College has experienced a 20 percent increase in enrollment over the past two years. However, this surge in enrollment is expected to level off in the 2010-2011 academic year, and may even be reversed in future academic years as the economy improves and displaced workers return to work.

Another revenue enhancement strategy WVUP continues to pursue is utilization of grants, donations and gifts. Improving the level of federal, State and private grant activity at WVUP has been a strategic priority for the past several years and the increased focus has been successful as grant revenues rose significantly during the 2009 and 2010 fiscal years. These strategic efforts are continuing and WVUP expects this trend in grant related revenue to continue.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2010 AND 2009
(Dollars in Thousands)

	2010	2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,832	$ 8,287
Accounts receivable	147	301
Due from the Council/Commission	9	1,170
Inventories	307	311
Prepaid expenses	11	15
Total current assets	11,306	10,084
Noncurrent Assets:		
Restricted cash and cash equivalents	-	426
Capital assets, net	14,944	14,078
Total noncurrent assets	14,944	14,504
TOTAL ASSETS	$ 26,250	$ 24,588
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 660	$ 635
Service agreement payable to West Virginia University	63	-
Accrued liabilities	15	13
Accrued payroll	435	395
Deferred revenue	2,508	3,628
Compensated absences	305	369
Debt service assessment payable to the Commission, current portion	144	137
Leases payable, current portion	92	-
Total current liabilities	4,222	5,177
Noncurrent Liabilities:		
Other post employment benefits liability	1,940	422
Debt service assessment payable to the Commission	151	295
Leases payable	3,200	3,317
Other noncurrent liabilities	-	1
Total noncurrent liabilities	5,291	4,035
TOTAL LIABILITIES	$ 9,513	$ 9,212
NET ASSETS		
Invested in capital assets, net of related debt	$ 11,303	$ 10,764
Restricted for:		
Expendable:		
Scholarships and fellowships	65	31
Sponsored programs	261	1,209
Total expendable	326	1,240
Unrestricted	5,108	3,372
TOTAL NET ASSETS	$ 16,737	$ 15,376

See notes to financial statements.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

WVU AT PARKERSBURG FOUNDATION, INC.
COMPONENT UNIT - STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Cash and Cash Equivalents	$ 262,035	$ 391,214
Pooled Investment Fund	6,212,671	5,396,287
Accrued Interest and Dividends Receivable	12,082	28,491
Contributions Receivable	-0-	99,047
Other Assets	12,568	16,945
TOTAL ASSETS	**$ 6,499,356**	**$ 5,931,984**
LIABILITIES		
Accounts Payable	$ 2,116	$ 9,359
TOTAL LIABILITIES	**$ 2,116**	**$ 9,359**
NET ASSETS		
Unrestricted	$ 192,556	$ 200,498
Temporarily Restricted	4,653,943	4,191,348
Permanently Restricted	1,650,741	1,530,779
TOTAL NET ASSETS	**$ 6,497,240**	**$ 5,922,625**
TOTAL LIABILITIES AND NET ASSETS	**$ 6,499,356**	**$ 5,931,984**

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

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009
(Dollars in Thousands)

	2010	2009
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $3,552 and $1,735	$ 5,656	$ 5,073
Federal grants and contracts	108	200
State grants and contracts	2,288	1,396
Local grants and contracts	3	-
Nongovernmental grants and contracts	189	271
Sales and services of educational departments	34	27
Auxiliary enterprises, net of scholarship allowances of $28 and $11	37	33
Other operating revenues (including revenue from outsourced enterprise of $25 and $25	1,602	1,534
Total operating revenues	9,917	8,534
OPERATING EXPENSES		
Salaries and wages	10,822	10,370
Benefits	4,108	3,003
Scholarships and fellowships	7,509	4,852
Utilities	497	541
Supplies and other services	4,224	3,965
Depreciation	667	623
Assessments by the Commission for operations	78	75
Service agreement expense	250	-
Total operating expenses	28,155	23,429
OPERATING LOSS	(18,238)	(14,895)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	9,060	10,610
State fiscal stabilization funds	675	-
Payments on behalf of WVU Parkersburg	-	197
Federal Pell grants	10,019	5,512
Investment income	22	76
Interest on capital asset-related debt	(203)	(81)
Credit from the Commission for debt service	10	3
Other nonoperating revenues (expenses) - net	4	(25)
Net nonoperating revenues	19,587	16,292
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	1,349	1,397
Capital grants and gifts	-	550
Capital payments on behalf of WVU Parkersburg	12	-
INCREASE IN NET ASSETS BEFORE TRANSFER	1,361	1,947
TRANSFER OF NET ASSETS FROM WEST VIRGINIA UNIVERSITY	-	13,429
INCREASE IN NET ASSETS	1,361	15,376
NET ASSETS--BEGINNING OF YEAR	15,376	-
NET ASSETS--END OF YEAR	$ 16,737	$ 15,376

See notes to financial statements.

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

WVU AT PARKERSBURG FOUNDATION, INC.
COMPONENT UNIT - STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ 5,245	$ 249,202	$ -0-	$ 254,447
Interest and Dividend Income	5,107	103,548	46,427	155,082
Realized Gains (Losses) on Investments	17,718	249,408	85,322	352,448
Unrealized Gains (Losses) on Investments	4,916	118,635	44,651	168,202
Net Assets Released from Restrictions	314,636	(258,198)	(56,438)	-0-
TOTAL REVENUES, GAINS, AND AND OTHER SUPPORT	**$ 347,622**	**$ 462,595**	**$ 119,962**	**$ 930,179**
EXPENSES				
Program Services				
Grants and Scholarships	$ 85,595	$ -0-	$ -0-	$ 85,595
Faculty/Staff Development	44,082	-0-	-0-	44,082
Other Program Cost and Equipment Purchases	101,443	-0-	-0-	101,443
Total Program Services	**$ 231,120**	**$ -0-**	**$ -0-**	**$ 231,120**
Support Services				
Management and General	$ 124,444	$ -0-	$ -0-	$ 124,444
Total Support Services	**$ 124,444**	**$ -0-**	**$ -0-**	**$ 124,444**
TOTAL EXPENSES	**$ 355,564**	**$ -0-**	**$ -0-**	**$ 355,564**
CHANGE IN NET ASSETS	**$ (7,942)**	**$ 462,595**	**$ 119,962**	**$ 574,615**
NET ASSETS AT BEGINNING OF YEAR	**200,498**	**4,191,348**	**1,530,779**	**5,922,625**
NET ASSETS AT END OF YEAR	**$ 192,556**	**$ 4,653,943**	**$ 1,650,741**	**$ 6,497,240**

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

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

WVU AT PARKERSBURG FOUNDATION, INC.
COMPONENT UNIT - STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ 2,607	$ 340,748	$ -0-	$ 343,355
Interest and Dividend Income	7,913	144,317	58,742	210,972
Realized (Losses) on Investments	(78,847)	(1,188,357)	(531,907)	(1,799,111)
Unrealized Gains on Investments	14,707	267,484	123,702	405,893
Net Assets Released from Restrictions	327,597	(278,855)	(48,742)	-0-
TOTAL REVENUES, GAINS, AND AND OTHER SUPPORT	**$ 273,977**	**$ (714,663)**	**$ (398,205)**	**$ (838,891)**
EXPENSES				
Program Services				
Grants and Scholarships	$ 107,337	$ -0-	$ -0-	$ 107,337
Faculty/Staff Development	69,553	-0-	-0-	69,553
Other Program Cost and Equipment Purchases	67,629	-0-	-0-	67,629
Total Program Services	**$ 244,519**	**$ -0-**	**$ -0-**	**$ 244,519**
Support Services				
Management and General	$ 133,270	$ -0-	$ -0-	$ 133,270
Total Support Services	**$ 133,270**	**$ -0-**	**$ -0-**	**$ 133,270**
TOTAL EXPENSES	**$ 377,789**	**$ -0-**	**$ -0-**	**$ 377,789**
CHANGE IN NET ASSETS	**$ (103,812)**	**$ (714,663)**	**$ (398,205)**	**$ (1,216,680)**
NET ASSETS AT BEGINNING OF YEAR	**304,310**	**4,906,011**	**1,928,984**	**7,139,305**
NET ASSETS AT END OF YEAR	**$ 200,498**	**$ 4,191,348**	**$ 1,530,779**	**$ 5,922,625**

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

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009
(Dollars in Thousands)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 5,847	$ 4,913
Grants and contracts	1,433	4,608
Payments to suppliers	(4,212)	(3,848)
Payments to employees	(10,781)	(10,310)
Payments for benefits	(2,650)	(2,508)
Payments to utilities	(500)	(542)
Payments for scholarships and fellowships	(7,269)	(4,726)
Auxiliary enterprise receipts (payments)	37	(424)
Sales and service of educational departments	35	28
Payments of operating expenses to West Virginia University	(188)	-
Other receipts	1,525	1,502
Net cash used in operating activities	(16,723)	(11,307)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	9,935	9,735
State fiscal stabilization funds	675	-
Federal Pell grants	10,019	5,512
Credit from the Commission for debt service	10	3
Transfer of cash from West Virginia University	-	6,825
Other nonoperating receipts	12	-
Cash provided by noncapital financing activities	20,651	22,075
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Commission debt assessment payable	(137)	(130)
Purchases of capital assets	(1,450)	(1,888)
Principal paid on capital debt and leases	(25)	-
Interest paid on capital debt and leases	(219)	(120)
Cash used in capital financing activities	(1,831)	(2,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	22	83
Cash provided by investing activities	22	83
INCREASE IN CASH AND CASH EQUIVALENTS	2,119	8,713
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,713	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,832	$ 8,713

(continued)

WEST VIRGINIA UNIVERSITY AT PARKERSBURG

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009
(Dollars in Thousands)

	2010	2009
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	$ (18,238)	$ (14,895)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	667	623
Expenses paid on behalf of WVU Parkersburg	-	197
Changes in assets and liabilities:		
Accounts receivable, net	154	(112)
Due from the Commission	286	(274)
Prepaid expenses	4	(10)
Inventories	4	18
Accounts payable	24	234
Accrued liabilities	1,560	292
Deferred revenue	(1,120)	2,581
Due to the Commission	-	(10)
Compensated absences	(64)	49
Net cash used in operating activities	$ (16,723)	$ (11,307)
Noncash Transactions:		
Donated capital assets	$ -	$ 550
Loss on dispositions	$ 9	$ 25
Other post employment benefits liability	$ 1,518	$ 237
Capital payments on behalf of WVU Parkersburg	$ 12	$ 197
Transfer of net assets from West Virginia University (exclusive of $6,825 of cash)	$ -	$ 6,604
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash and cash equivalents classified as current assets	$ 10,832	$ 8,287
Cash and cash equivalents classified as noncurrent assets	-	426
	$ 10,832	$ 8,713

See notes to financial statements.

1. ORGANIZATION

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

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

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

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

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

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

The University has provided Parkersburg with administrative and academic support services. Services for fiscal year 2009 were provided to Parkersburg at no cost. Effective July 1, 2009, the University began charging Parkersburg for these services.

The newly established Board and the Board of Governors of West Virginia University jointly agreed on a division of assets and liabilities of West Virginia University. Effective July 1, 2008, $13,428,610 was transferred in accordance with H.B. 3215. The transfer of net assets is summarized approximately as follows:

		(in thousands)
Cash and cash equivalents	$	6,825
Capital assets, net		12,228
Current assets, net		552
Current liabilities		(1,915)
Compensated absences		(320)
Other post employment benefits liability		(185)
Other long-term liabilities		(3,756)
Total	$	13,429

The University and the separately established community and technical colleges shall oversee a plan that ensures the financial stability of auxiliary enterprises, including but not limited to, student housing, student centers, dining services, parking and athletics through fiscal year 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

   A related foundation of Parkersburg is not part of the Parkersburg reporting entity and is not included in the accompanying financial statements since Parkersburg has no ability to designate management, cannot significantly influence operations of this entity, and is not accountable for fiscal matters of the foundation under GASB.

   The accompanying financial statements present all funds under the authority of Parkersburg. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from Parkersburg's ability to significantly influence operations and accountability for fiscal matters of related entities.

The audited financial statements of the Foundation are presented here as a discrete component unit with the Parkersburg financial statements for the fiscal years ended June 30, 2010 and 2009. The Foundation is a separate, private, nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the audited financial information as it is presented herein (See Note 15).

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

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

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

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

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

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

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

g. *Capital Assets*—Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. The capital assets transferred in were recorded at net book value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, infrastructure, and land improvements, 3 to 15 years for furniture, equipment, and library books. Parkersburg's capitalization threshold for equipment is $5,000.

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

i. *Compensated Absences and Other Post Employment Benefits*—Parkersburg accounts for compensated absences in accordance with the provisions of GASB.

GASB provides standards for the measurement, recognition, and display of other post employment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for post employment benefits for the State of West Virginia (the "State"). Parkersburg is required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan can be obtained by contacting the State 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 GASB standards 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.

Parkersburg's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired on or after July 1, 2001 will no longer receive sick leave credit toward insurance premiums when they retire. The liability is provided for under the multiple employer cost sharing plan sponsored by the State (See Note 7).

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009 will no longer receive years of service credit toward insurance premiums when they retire.

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

j. *Severance Plan*—Parkersburg adopted the Classified Staff Severance Plan (the "Severance Plan") to provide incentives for the voluntary severance of Parkersburg's classified staff. During the period from April 22 to June 17, 2003, full time benefits eligible classified staff who had fifteen or more years of full time active service with Parkersburg as of June 30, 2003 were eligible to elect to participate in the Severance Plan. Participants could elect an exit date for the Severance Plan of either June 30, 2003 or January 15, 2004. Participants that elected the June 30, 2003 exit date will receive 100% of their fiscal year 2003 base salary not to exceed $45,000. Participants that elected the January 15, 2004 exit date will receive their fiscal year 2003 base salary less $5,000 not to exceed $40,000. The total payment for either exit date is divided into 96 equal consecutive monthly payments. If the employee was over age 59 at the time his or her payments began, the number of monthly installments are reduced so that all payments will be completed prior to the employees 67th birthday. Any employee age 66 or older at the time his or her benefits began received his or her payment in a lump sum. Parkersburg's total liability as of June 30, 2010 and 2009 was $1,100 and $7,100, which includes approximately $200 and $500 for employee benefits as of June 30, 2010 and 2009, respectively.

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

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

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

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

  The West Virginia Legislature (the "Legislature"), as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education* of the West Virginia State Code. House Bill 101, passed in March 2004, simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of Parkersburg. These restrictions are subject to change by future actions of the Legislature. At June 30, 2010 and 2009, Parkersburg had no restricted balances remaining in these funds.

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

m. *Classification of Revenues*—Parkersburg has classified its revenues according to the following criteria:

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

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

- *Nonoperating revenues*—Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions and federal Pell grants, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations and investment income.

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

n. *Use of Restricted Net Assets*—Parkersburg has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, Parkersburg attempts to utilize restricted net assets first when practicable. Parkersburg did not have any designated net assets as of June 30, 2010 and 2009.

o. *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 Parkersburg, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, 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.

p. *Federal Financial Assistance Programs*—Parkersburg makes loans to students under the Federal Stafford Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions like Parkersburg. Federal Stafford loan receivables are not included in Parkersburg's statement of net assets, as the loans are repayable directly to the U.S. Department of Education. Parkersburg received and disbursed $10.5 million in fiscal year 2010 and $9.1 million in fiscal year 2009 under the Federal Stafford Loan Program on behalf of the U.S. Department of Education; these amounts are not included as revenues and expenses on the statement of revenues, expenses, and changes in net assets.

Parkersburg distributes student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In fiscal years 2010 and 2009, Parkersburg received and disbursed approximately $10.2 million and $5.7 million, respectively, under these federal student aid programs.

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

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

s. *Cash Flows*—Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves are included as cash and cash equivalents for the purpose of the statement of cash flows.

t. *Risk Management*—The State's Board of Risk and Insurance Management (BRIM) provides general liability, property and auto insurance coverage, to Parkersburg and its employees. Such coverage is provided to Parkersburg by BRIM through a self-insurance program maintained by BRIM for general liability and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1,000,000 of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed $1,000,000. The BRIM self-insurance programs may involve experience and exposure related premiums.

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

u. *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.

v. *Newly Adopted Statements Issued by the GASB* —During fiscal year 2010, Parkersburg adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The adoption of this statement did not have a material impact on the financial statements.

Parkersburg also adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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 adoption of this statement did not have a material impact on the financial statements.

w. *Recent Statements Issued by the GASB* – The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, effective for fiscal years beginning after June 15, 2010. This statement improves financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards related to certain financial instruments and external investment pools. Parkersburg has not yet determined the effect that the adoption of Statement No. 59 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

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

2010

	Current	Noncurrent	Total
Cash on deposit with the Treasurer	$ 10,701	$ -	$ 10,701
Cash on deposit with Trustee	-	-	-
Cash in Bank	130	-	130
Cash on Hand	1	-	1
	$ 10,832	$ -	$ 10,832

2009

	Current	Noncurrent	Total
Cash on deposit with the Treasurer	$ 8,125	$ -	$ 8,125
Cash on deposit with Trustee	-	426	426
Cash in Bank	161	-	161
Cash on Hand	1	-	1
	$ 8,287	$ 426	$ 8,713

Cash on deposit with the Treasurer. These bank balances are insured by the Federal Deposit Insurance Corporation or collateralized by securities held as collateral by the bank in the name of the State.

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

The BTI maintains the Consolidated Fund investment fund which consists of eight investment pools and participant-directed accounts, three of which the Commission may invest in. These pools have been structured as 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 the BTI's annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

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, all are subject to credit risk.

Cash on Deposit with Trustee. Cash on deposit with Trustee represents various project revenue, repair and replacement and debt service accounts held by the Trustee. Bank balances are insured by the Federal Deposit Insurance Corporation or collateralized by securities, held as collateral by the bank, in the name of the State.

Cash in Bank. The carrying amount of cash in the bank at June 30, 2010 and 2009 was $130,000 and $161,000, respectively, as compared with the bank balance of $414,000 and $1.0 million, respectively. The difference is primarily caused by outstanding checks and items in transit. Bank balances are 100% insured by the Federal Depository Insurance Corporation through December 31, 2013 and are collateralized in the name of the State.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

WV Money Market Pool —For the years ended June 30, 2010 and 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, 2010 and 2009, the WV Money Market Pool investments had a total carrying value of $2,876,711,000 and $2,570,261,000, respectively, of which Parkersburg’s ownership represents .31% and .28%, respectively.

WV Government Money Market Pool — For the years ended June 30, 2010 and 2009, the WV Government Money Market Pool has been rated AAAm by Standard & Poor’s. A Fund rated “AAAm” has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. “AAAm” is the highest principal stability fund rating assigned by Standard & Poor’s. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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

At June 30, 2010 and 2009, the WV Government Money Market Pool investments had a total carrying value of $221,183,000 and $283,826,000, respectively, of which Parkersburg’s ownership represents .03% and .02%, respectively.

WV Short Term Bond Pool — 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):

	Credit Rating*		2010		2009	
Security Type	**Moody's**	**S & P**	**Value**	**Percent of Pool Assets**	**Carrying Value**	**Percent of Pool Assets**
Corporate asset backed securities	Aaa	AAA	$ 24,330	5.37%	$ 16,402	13.75%
	Aaa	NR*	10,353	2.28	5,136	1.63
	Aa3	AAA	1,000	0.22	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
	Ba1	CC**	45	0.01		
	Ba2	BB**	219	0.05		
	Ba3	AAA			645	0.20
	B1	AAA			779	0.25
	B1	BBB**	605	0.13		
	B1	CCC**	857	0.19		
	B2	B**			493	0.16
	B2	CCC***	366	0.08	539	0.17
	B3	AAA			949	0.30
	B3	B**	442	0.10		
	B3	BBB**	247	0.05		
	B3	CCC**	554	0.12		
	Caal	BB**			254	0.08
	Caal	CCC**	230	0.05		
	Caa2	CCC**	779	0.17		
	NR*	AAA	3,538	0.78	679	0.22
			43,565	9.60	29,372	9.33
Corporate bonds and notes	Aaa	AAA	72,549	16.00	47,204	14.99
	Aaa	AA	2,060	0.46		
	Aa1	AA	5,430	1.20	4,445	1.41
	Aa1	A			2,052	0.65
	Aa2	AAA			3,040	0.96
	Aa2	AA	6,650	1.47	9,066	2.88
	Aa3	AA	6,722	1.48		
	Aa3	A	13,850	3.05	7,831	2.49
	A1	AA	15,485	3.41	4,813	1.53
	A1	A	21,098	4.65	5,522	1.75
	A2	A	41,093	9.06	32,040	10.17
	A3	A	4,158	0.92	7,024	2.23
	Baa3	A			2,067	0.66
			189,095	41.70	125,104	39.72
U.S. agency bonds	Aaa	AAA	40,180	8.86	60,250	19.13
U.S. Treasury notes***	Aaa	AAA	158,423	34.93	88,805	28.20
U.S. agency mortgage backed securities****	Aaa	AAA	4,540	1.00	4,975	1.58
Money Market Funds	Aaa	AAA	17,715	3.91	6,426	2.04
			$ 453,518	100%	$ 314,932	100%

*NR = Not Rated

**The securities were not in compliance with BTI Investment Policy at June 30, 2010 and 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, 2010 and 2009, Parkersburg's ownership represents .17% and .04%, respectively, of these amounts held by the BTI.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk.

WV Money Market Pool—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:

	2010		2009	
Security Type	**Carrying Value (In Thousands)**	**WAM (Days)**	**Carrying Value (In Thousands)**	**WAM (Days)**
Repurchase agreements	$ 174,980	1	$ 212,010	1
U.S. Treasury notes	65,153	140		
U.S. Treasury bills	476,670	35	483,714	69
Commercial paper	855,844	18	592,479	32
Certificates of deposit	281,000	45	128,402	56
U.S. agency discount notes	606,048	52	635,602	57
Corporate bonds and notes	20,000	19	73,812	38
U.S. agency bonds/notes	246,990	55	294,019	70
Money market funds	150,026	1	150,223	1
	$ 2,876,711	33	$ 2,570,261	47

WV Government Money Market Pool—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:

Security Type	2010 Carrying Value (In Thousands)	2010 WAM (Days)	2009 Carrying Value (In Thousands)	2009 WAM (Days)
Repurchase agreements	$ 66,600	1	$ 53,400	1
U.S. Treasury notes	8,526	114		
U.S. Treasury bills	29,982	72	29,929	58
U.S. agency discount notes	36,465	115	43,249	77
U.S. agency bonds/notes	79,532	30	60,420	84
Money market funds	78	1	66	1
	$ 221,183	44	$ 187,064	54

WV Short Term Bond Pool—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, 2010 and 2009:

Security Type	2010 Carrying Value (In Thousands)	2010 Effective Duration (Days)	2009 Carrying Value (In Thousands)	2009 WAM (Days)
U.S. Treasury bonds/notes	$ 158,423	583	$ 88,805	917
Corporate notes	189,095	560	125,104	559
Corporate asset backed securities	43,565	679	29,372	622
U.S. agency bonds/notes	40,180	288	60,250	752
U.S. agency mortgage backed securities	4,540	360	4,975	540
Money market funds	17,715	1	6,426	1
	$ 453,518	530	$ 314,932	691

Concentration of Credit Risk

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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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.

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.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

4. ACCOUNTS RECEIVABLE

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

		2010		**2009**
Student tuition and fees, net of allowances for doubtful accounts of $6 and $6	$	18	$	85
Grants and contracts receivable		62		146
Other		47		46
Due from other State agencies		20		24
	$	147	$	301

5. CAPITAL ASSETS

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

2010	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 913	$ -	$ -	$ 913
Construction in progress	3,035	865	(3,624)	276
Total capital assets not being depreciated	$ 3,948	$ 865	$ (3,624)	$ 1,189
Other capital assets:				
Land improvements	$ 89	$ -	$ -	$ 89
Buildings	17,321	3,623	-	20,944
Equipment	2,518	661	(609)	2,570
Library books	2,011	22	(1)	2,032
Infrastructure	1,796	-	-	1,796
Total other capital assets	23,735	4,306	(610)	27,431
Less accumulated depreciation for:				
Land improvements	(5)	(6)	-	(11)
Buildings	(8,734)	(359)	-	(9,093)
Equipment	(1,609)	(188)	594	(1,203)
Library books	(1,877)	(39)	2	(1,914)
Infrastructure	(1,380)	(75)	-	(1,455)
Total accumulated depreciation	(13,605)	(667)	596	(13,676)
Other capital assets, net	$ 10,130	$ 3,639	$ (14)	$ 13,755
Capital Assets Summary:				
Capital assets not being depreciated	$ 3,948	$ 865	$ (3,624)	$ 1,189
Other capital assets	23,735	4,306	(610)	27,431
Total cost of capital assets	27,683	5,171	(4,234)	28,620
Less accumulated depreciation	(13,605)	(667)	596	(13,676)
Capital assets, net	$ 14,078	$ 4,504	$ (3,638)	$ 14,944

2009

	Transfers	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 913	$ -	$ -	$ 913
Construction in progress	1,712	1,596	(273)	3,035
Total capital assets not being depreciated	$ 2,625	$ 1,596	$ (273)	$ 3,948
Other capital assets:				
Land improvements	$ -	$ 89	$ -	$ 89
Buildings	16,612	709	-	17,321
Equipment	2,282	350	(114)	2,518
Library books	1,983	30	(2)	2,011
Infrastructure	1,796	-	-	1,796
Total other capital assets	22,673	1,178	(116)	23,735
Less accumulated depreciation for:				
Land improvements	-	(5)	-	(5)
Buildings	(8,389)	(345)	-	(8,734)
Equipment	(1,558)	(156)	105	(1,609)
Library books	(1,822)	(38)	(17)	(1,877)
Infrastructure	(1,301)	(79)	-	(1,380)
Total accumulated depreciation	(13,070)	(623)	88	(13,605)
Other capital assets, net	$ 9,603	$ 555	$ (28)	$ 10,130
Capital Assets Summary:				
Capital assets not being depreciated	$ 2,625	$ 1,596	$ (273)	$ 3,948
Other capital assets	22,673	1,178	(116)	23,735
Total cost of capital assets	25,298	2,774	(389)	27,683
Less accumulated depreciation	(13,070)	(623)	88	(13,605)
Capital assets, net	$ 12,228	$ 2,151	$ (301)	$ 14,078

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

Parkersburg capitalized interest on borrowings, net of interest earned on related debt of $16,000 and $39,000 during fiscal years 2010 and 2009, respectively.

6. LONG-TERM LIABILITIES

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

2010	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other post employment benefits liability	$ 422	$ 1,518	$ -	$ 1,940	
Debt service assessment payable to the Commission	432	-	(137)	295	$ 144
Leases payable	3,317	-	(25)	3,292	92
Other noncurrent liabilities	1	6	(6)	1	1
Total long-term liabilities	$ 4,172	$ 1,524	$ (168)	$ 5,528	

2009	Transfers	Additions	Reductions	Ending Balance	Due within One Year
Other post employment benefits liability	$ 185	$ 237	$ -	$ 422	
Debt service assessment payable to the Commission	562	-	(130)	432	$ 137
Leases payable	3,317	-	-	3,317	
Other noncurrent liabilities	16	-	(15)	1	
Total long-term liabilities	$ 4,080	$ 237	$ (145)	$ 4,172	

7. OTHER POST EMPLOYMENT BENEFITS

OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2010 and 2009, the noncurrent liability related to OPEB was $1,940,329 and $421,810, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees were $1,863,041 and $344,523 respectively, during 2010, and $787,680 and $380,610, respectively, during 2009. As of the years ended June 30, 2010 and 2009, there were 33 and 28 retirees receiving these benefits.

8. LEASES PAYABLE

a. *Operating*—Future annual minimum lease payments on operating leases for years subsequent to June 30, 2010 are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2011	$	84
2012		21
2013		1
Total	$	106

Total rent expense for these operating leases for the years ended June 30, 2010 and 2009 was approximately $98,000 and $103,000, respectively. Parkersburg does not have any non-cancelable leases.

b. *Capital*—Parkersburg leases certain property, plant and equipment under capital leases. Net book value of leased assets totaled $3.3 million and $3.3 million at June 30, 2010 and 2009, respectively. Future annual minimum lease payments on capital assets are as follows (dollars in thousands):

Fiscal Year Ending June 30,		
2011	$	190
2012		263
2013		274
2014		291
2015		320
2016-2020		1,715
2021-2024		1,280
Future minimum lease payments		4,333
Less interest		(1,041)
Total		3,292
Current Portion		92
Noncurrent Portion	$	3,200

9. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

Parkersburg is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, Parkersburg is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of Parkersburg's operations, its tuition and fee structure, its personnel policies and its administrative practices.

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

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. Certain tuition and registration fees (referred to as system 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 an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Commission; however, effective June 30, 2002, an amount of principal related to each institution was reported as debt service assessment payable to the Commission by each institution and as a receivable by the Commission.

The Commission issued 2004 Series B Higher Education Facilities Revenue Bonds (the "HEPC 2004 B Bonds") in August 2004 to provide funds for capital improvements at institutions of higher education throughout the State's universities and colleges, including Parkersburg. The HEPC 2004 B Bonds are secured by the pledge of higher education institutions' tuition and registration fees as well as excess lottery revenues. The HEPC 2004 B Bonds are considered an indirect obligation of Parkersburg and the principal amount of the bonds related to Parkersburg is not reported as a payable to the Commission.

During December 2009, the Commission, on behalf of the Council, issued $78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the "2009 Bonds"). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds proposes bond funding of $6,000,000 for Parkersburg. As of June 30, 2010, $11,982 has been recognized by Parkersburg. State lottery funds will be used to repay the debt.

10. UNRESTRICTED NET ASSETS

Parkersburg did not have any designated unrestricted net assets of of June 30, 2010 or 2009.

	2010	2009
Total unrestricted net assets before OPEB liability	$ 7,048	$ 3,794
Less: OPEB liability	1,940	422
Total unrestricted net assets	$ 5,108	$ 3,372

11. RETIREMENT PLANS

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

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

The STRS is a cost sharing, defined benefit public retirement system. Employer and employee contribution rates are established annually by the Legislature. The contractual maximum contribution rate is 15%. Parkersburg accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for the years ended June 30, 2010 and 2009. Required employee contributions are at the rate of 6% of total annual salary for the years ended June 30, 2010 and 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.

The contribution rate is set by the Legislature on an overall basis, and STRS does not perform a calculation of the contribution requirement for individual employers, such as Parkersburg. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, 4101 MacCorkle Avenue S.E., Charleston, WV 25304-1636.

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

Fiscal Year Ending June 30,	Parkersburg	Employees	Total
2010	$ 33,000	$ 13,000	$ 46,000
2009	42,000	17,000	59,000

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

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

Fiscal Year Ending June 30,	Parkersburg	Employees	Total
2010	$ 500,000	$ 500,000	$ 1,000,000
2009	500,000	500,000	1,000,000

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

Fiscal Year Ending June 30,	Parkersburg	Employees	Total
2010	$ 17,000	$ 17,000	$ 34,000
2009	12,000	12,000	24,000

Parkersburg's total payroll for the years ended June 30, 2010 and 2009 was approximately $10.8 million and $10.4 million, respectively, and total covered employees' salaries in the STRS, TIAA-CREF and Educators Money were $217,000, $8.6 million, and $275,000 in fiscal year 2010 and $279,000, $8.4 million and $207,000 in fiscal year 2009, respectively.

12. WVU AT PARKERSBURG FOUNDATION, INC.

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

During the years ended June 30, 2010 and 2009, the Foundation contributed $85,595 and $107,337, respectively, to Parkersburg for grants and scholarships.

13. CONTINGENCIES

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

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

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

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

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

Year Ended June 30, 2010
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Assessments by the Commission	Service Agreement Expense	Total
Instruction	$ 6,903	$ 2,403	$ -	$ -	$ 1,940	$ -	$ -	$ -	$ 11,246
Public Service	40	18	-	-	8	-	-	-	66
Academic Support	504	194	-	-	350	-	-	-	1,048
Student Services	780	313	-	-	378	-	-	-	1,471
Operation and Maintenance of Plant	665	375	-	497	736	-	-	-	2,273
General Institutional Support	1,850	787	-	-	757	-	-	-	3,394
Student Financial Aid	-	-	7,509	-	-	-	-	-	7,509
Auxiliary Enterprises	80	18	-	-	55	-	-	-	153
Depreciation	-	-	-	-	-	667	-	-	667
Assessments by Commission for Operations	-	-	-	-	-	-	78	-	78
Service Agreement	-	-	-	-	-	-	-	250	250
Total Expenses	$ 10,822	$ 4,108	$ 7,509	$ 497	$ 4,224	$ 667	$ 78	$ 250	$ 28,155

Year Ended June 30, 2009
Natural Classification

Functional Classification	Salaries & Wages	Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Assessments by the Commission	Total
Instruction	$ 6,646	$ 1,745	$ -	$ -	$ 1,853	$ -	$ -	$ 10,244
Public Service	38	13	-	-	8	-	-	59
Academic Support	602	169	-	-	318	-	-	1,089
Student Services	896	284	-	-	288	-	-	1,468
Operation and Maintenance of Plant	674	306	-	541	762	-	-	2,283
General Institutional Support	1,441	477	-	-	663	-	-	2,581
Student Financial Aid	-	-	4,852	-	-	-	-	4,852
Auxiliary Enterprises	73	9	-	-	73	-	-	155
Depreciation	-	-	-	-	-	623	-	623
Assessments by Commission for Operations	-	-	-	-	-	-	75	75
Total Expenses	$ 10,370	$ 3,003	$ 4,852	$ 541	$ 3,965	$ 623	$ 75	$ 23,429

15. COMPONENT UNIT'S DISCLOSURES – FOUNDATION

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classification

In August 2008, The Financial Accounting Standards Board issued a Staff Position entitled *Endowments of Not-for Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (SFAS ACS 958).* This pronouncement provides guidance on the net asset classification of donor-restricted endowment funds for a not-for profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006. (UPMIFA) The pronouncement also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of West Virginia adopted UPMIFA effective March 5, 2008. The Foundation has adopted SFAS ASC 958 for the years ended June 30, 2010 and 2009. The Foundation is governed subject to its corporate bylaws and most contributions are subject to the terms specified by the Foundation. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of the Governing Documents and agreements with donors, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the date and the original value of subsequent gifts to the donor-restricted endowment funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets.

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

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

The Foundation's investment managers shall consider the long and short term needs of the Foundation in carrying out its charitable purposes, its present and anticipated financial requirements as have been communicated to them by the Foundation's representatives, expected total return on the Foundation's investments, price level trends, and general economic conditions.

Basis of Presentation

The Foundation has adopted the provisions of the Statement of Financial Accounting Standards pronouncement entitled *Financial Statements of Not-for-Profit Organizations (SFAS ASC 958)*. Under this pronouncement, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time.

Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Management

To facilitate the observance of the general intent of contributions and bequests, the Foundation maintains separate trust and/or fund accounts. The records of the Foundation are maintained by the United Bank Trust Department and Community Bank operations department.

Cash and Cash Equivalents

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

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Investments

The Foundation maintains its funds in a pooled investment account. Income of the investment pool is distributed based on the percentage relationship of the individual fund balance to the total of the fund balances involved. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law. Quoted market values are used to value investments. The Foundation does not require collateral to secure its investments.

The Foundation carries investments with readily determinable market values at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change of net assets in the accompanying Statements of Activities.

The Foundation accounts for its investments at fair value and are recorded on the Statements of Financial Position based on the inputs to the valuation techniques as follows:

<u>Level 1</u>

Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The assets in level 1 include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

<u>Level 2</u>

Financial assets are valued using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 assets include corporate bonds and real property, including mineral rights.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Level 3

Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes alternative hedge funds.

Contributions and Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the Foundation is notified of their existence or upon receipt, whichever is earlier. Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable are generally collected within one year and are recorded at their net realizable value. There was no allowance for uncollectible contributions receivable at June 30, 2010 and 2009 based on management's detail review of the receivable balances. Accounts receivable are written off when determined uncollectible.

Advertising

It is the policy of the Foundation to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2010 and 2009 were $250 and $1,728, respectively.

NOTE 2: RISK AND UNCERTAINTIES AND USE OF ESTIMATES

Use of Estimates

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

Investment Risks

The Foundation invests in various instruments, including fixed income, stocks, mutual funds, and real assets that, in general, are exposed to various risks associated with certain investment securities. It is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

NOTE 2: RISK AND UNCERTAINTIES AND USE OF ESTIMATES (CONTINUED)

Uncertain Tax Positions

A Financial Accounting Board Standard Interpretation entitled "Accounting for Uncertainty in Income Taxes" (FASB ASC 740) was issued in 2006 and clarifies the accounting for the recognition and measurement of uncertainties in income taxes for all entities, including not-for-profit Foundations. In accordance with this pronouncement and a related FASB Staff Position, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises" (also under FASB ASC 740), the Foundation has elected to defer application of the provisions of the FASB Interpretation "Accounting for Uncertainty in Income Taxes" as of and for the years ended June 30, 2010 and 2009. The Foundation continues to account for uncertain tax positions in accordance with the principles of the Statement of Financial Accounting Standards entitled "Accounting for Contingencies," (FASB ASC 450) under which liabilities for uncertain tax positions are recognized in the financial statements when it becomes probable a liability has been incurred and the amount can be reasonably estimated. Unless the deferral is extended further, the Foundation will be required to adopt the provisions of Interpretation FASB ASC 740 for the years ended June 30, 2010 and 2009. The Foundation has not yet determined the effects of the adoption of the provisions of the interpretation will have on the Foundation's financial statements.

NOTE 3: POOLED INVESTMENT FUND

The Pooled Investment Fund is stated at estimated market value in the financial statements. The following is an analysis of the composition of the Foundation's Pooled Investment Fund as of June 30, 2010 and 2009:

	JUNE 30,	
	2010	2009
POOLED INVESTMENT FUND		
Cash and Cash Equivalents	$ 243,568	$ 1,264,514
Mutual Funds	4,828,809	2,630,674
Corporate Bonds	535,194	1,034,277
Stocks	605,100	466,822
TOTAL POOLED INVESTMENT FUND	**$ 6,212,671**	**$ 5,396,287**

NOTE 4: FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements of certain assets and liabilities to record fair value adjustments and to determine fair value disclosures. For additional information, refer to Note 1 "Summary of Significant Accounting Policies".

NOTE 4: FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING:		
	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments				
Corporate Bonds	$ 535,194	$ -0-	$ 535,194	$ -0-
Mutual Funds	4,828,809	4,828,809	-0-	-0-
Stocks	605,100	605,100	-0-	-0-
Total Investments at Fair Value	**$ 5,969,103**	**$ 5,433,909**	**$ 535,194**	**$ -0-**
Other Assets				
Mineral Rights	**$ 2,014**	**$ -0-**	**$ 2,014**	**$ -0-**

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING:		
	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments				
Corporate Bonds	$ 1,034,277	$ -0-	$ 1,034,277	$ -0-
Mutual Funds	2,630,674	2,630,674	-0-	-0-
Stocks	466,822	466,822	-0-	-0-
Total Investments at Fair Value	**$ 4,131,773**	**$ 3,097,496**	**$ 1,034,277**	**$ -0-**
Other Assets				
Mineral Rights	**$ 2,014**	**$ -0-**	**$ 2,014**	**$ -0-**

NOTE 5: NET ASSETS

Temporarily Restricted

Temporarily restricted net assets reflect amounts contributed by donors whose restriction has not been met either by time or use restriction.

As of June 30, 2010 and 2009, temporarily restricted net assets were:

	JUNE 30,	
	2010	**2009**
Cash in Sub Accounts - United	$ 216,107	$ 361,311
Pooled Investment Fund	4,413,186	3,685,553
Contribution and Accrued Receivables	22,636	142,470
Mineral Rights	2,014	2,014
TOTAL	**$ 4,653,943**	**$ 4,191,348**

Permanently Restricted

As of June 30, 2010 and 2009, permanently restricted net assets were:

	JUNE 30,	
	2010	**2009**
Cash in Sub Accounts - United	$ 25,197	$ 4,860
Pooled Investment Fund	1,625,544	1,525,919
TOTAL	**$ 1,650,741**	**$ 1,530,779**

NOTE 6: ENDOWED FUNDS

Endowment Funds constitute approximately 94% of the Foundation's invested assets. At this time, all of the endowed funds were created from donations restricted for scholarships under either permanent endowment or under temporary restrictions from agreements with donors. The pooled investment fund presented on the Statements of Financial Position is an exclusive pooled fund of the WVU Parkersburg Foundation, Inc., created and managed for the endowed funds by a bank trust department. From time to time throughout the year, the various endowment funds purchase or sell equivalent unit shares in the pooled investment fund based on the cash and liquidity needs for each of the funds. The non-endowed funds are held in cash accounts and income liquid assets funds.

NOTE 6: ENDOWED FUNDS (CONTINUED)

A summary of the net assets of the endowed and non-endowed funds and net changes therein consisted of the following from June 30, 2008 through June 30, 2010:

	ENDOWED NET ASSETS	NON-ENDOWED ASSETS	TOTAL NET ASSETS
Balance June 30, 2008	**$ 6,618,278**	**$ 521,027**	**$ 7,139,305**
Net Change during the Year	(1,127,887)	(88,793)	(1,216,680)
Balance June 30, 2009	**$ 5,490,391**	**$ 432,234**	**$ 5,922,625**
Net Change during the Year	635,942	(61,327)	574,615
Balance June 30, 2010	**$ 6,126,333**	**$ 370,907**	**$ 6,497,240**

Contributions for the creation of new endowment funds under the "Building Toward Endowment Program" classified as unrestricted funds until such time as the new fund reaches the required amount in effect at the time of the creation of the fund to be reclassified as an endowment fund.

A reconciliation of endowed net assets with restricted and unrestricted net assets is as follows at June 30, 2010 and 2009:

	JUNE 30,	
	2010	**2009**
Endowed Restricted Net Assets	$ 6,126,333	$ 5,490,391
Non-Endowed Restricted Net Assets	178,351	231,736
Unrestricted Net Assets	192,556	200,498
Total Net Assets	**$ 6,497,240**	**$ 5,922,625**

NOTE 7: RELATED PARTY TRANSACTIONS

The Foundation was organized to provide service and assistance to West Virginia University at Parkersburg. The Foundation reimburses the University for scholarships, faculty and staff development cost, the president's fund, and certain equipment and supply expenditures that are approved by the Foundation. The following summarizes the transactions between the two organizations.

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

Program Services Provided to the West Virginia University at Parkersburg for the years ended 2010 and 2009 were:

	2010	2009
Scholarship/Grants	$ 85,595	$ 107,337
Faculty/Staff Development	$ 44,082	$ 69,553
Other Program Cost and Equipment Purchases	$ 101,443	$ 67,629

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

United Bank is the investment manager of the Pooled Investment Funds. The Vice President of the Foundation is an employee of United Bank. During the years ended June 30, 2010 and 2009, United Bank received $33,207 and $30,902, respectively, for fiduciary fees to maintain this account.

NOTE 8: CONTINGENCIES

Cash in Excess of Federally Insured Limits

From time to time, the Foundation maintains cash balances in any one financial institution exceeding insured balances by the Federal Deposit Insurance Corporation up to $250,000 in aggregate. Management does not believe this condition presents an unusual risk to the Foundation.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2010, the date which the financial statements were available for issue.

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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 West Virginia University at Parkersburg Board of Governors:

We have audited the accompanying financial statements of West Virginia University at Parkersburg ("WVU at Parkersburg") as of June 30, 2010, and have issued our report thereon dated October 13, 2010. 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 WVU at Parkersburg'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 WVU at Parkersburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WVU at Parkersburg'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 WVU at Parkersburg'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 West Virginia University at Parkersburg Board of Governors, management of WVU at Parkersburg 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 13, 2010