

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

Fairmont State University & Pierpont CTC Current Separation Status

Legislative Auditor: Aaron Allred
Post Audit Division Director: Justin Robinson



GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

POST AUDIT DIVISION
Justin Robinson, Director

POST AUDIT DIVISION

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Fairmont State University & Pierpont CTC Current Separation Status

July 25, 2022

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The Legislative Auditor was asked to gather information concerning the separation of Fairmont State University and Pierpont Community and Technical College and to identify any potential impediments to the separation of the two colleges or other issues that may have arisen in the process that may require further attention or corrective action. The following report is a background of this separation and a summary of the current status. The report identifies key dates, modifications, and other actions or activities that have significantly impacted or caused a change in the timing of the separation of the two schools. Overall, it appears this separation has gone according to statute and the agreements and Memorandums of Understanding (MOU) between the colleges that have been in place and are currently. The longest tie the two colleges have is long term bond indebtedness that is shared between the schools, with payments ending in 2032 which will mark the full and complete separation of the colleges.

Background

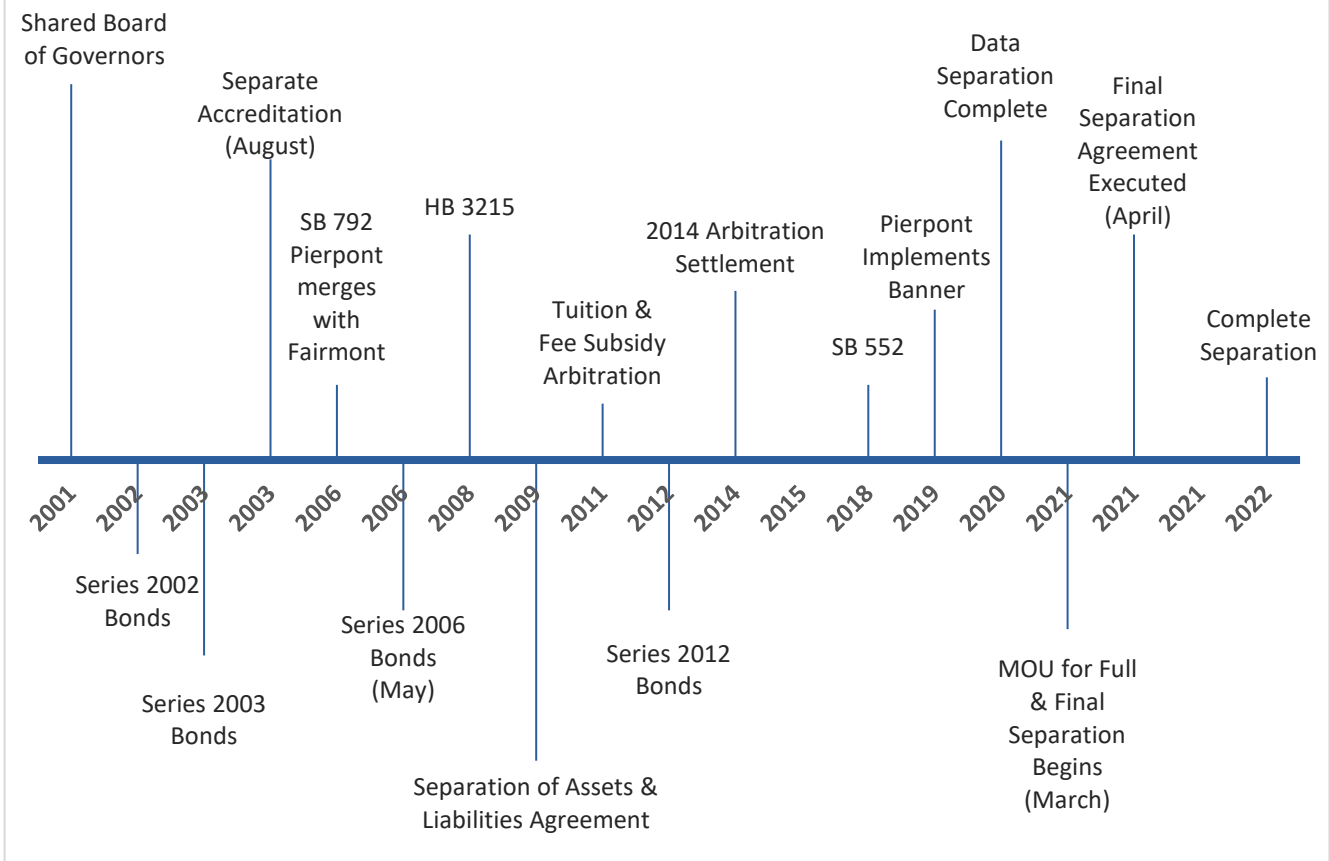
In 1974 the Fairmont State Community & Technical College was originally established as a state community college on the Fairmont campus. In 2001 Fairmont State College and Fairmont State Community & Technical College were appointed a singular shared Board of Governors. In 2004 Fairmont State College was recognized as a university and renamed Fairmont State University. In 2006 Senate Bill 792 renamed Fairmont State Community & Technical College as Pierpont Community & Technical College (Pierpont) and placed it as a division of Fairmont where it operated until 2008 when House Bill 3215 required Pierpont to separate from Fairmont operating with a separate Board of Governors (BOG) and obtain and maintain its own independent accreditation.

In accordance with HB 3215, Pierpont is governed by its own independent 12-member BOG who oversee the financial, academic, and service affairs of Pierpont, as well as having the authority to take such actions as it deems necessary or appropriate to accomplish the purposes for which it was formed, specifically to meet the educational and training needs of the community and the Pierpont service district. The Pierpont BOG is comprised of nine lay/citizen members appointed by the Governor, and three institutional members that represent faculty, students, and classified employees which are elected by their respective constituent group. The BOG is mandated by W.Va. Code to meet a minimum of six times annually.

Both Fairmont and Pierpont are accredited by the Higher Learning Commission (HLC) as outlined in W.Va. Code §18B-3C-3(a). The HLC of the North Central Association of Colleges assures quality by verifying that a threshold of standards is met and is engaged in continuous improvement. The assurance process requires that the institutions provide evidence and write an Assurance report that addresses the HLC's five criteria for accreditation. Fairmont has been accredited since 1928 and is committed to reaffirming and advancing its commitment to academic excellence and student support through its accreditation and compliance-related actions. Pierpont, in accordance with House Bill 3215, has been accredited since 2008 on a ten-year cycle.

A timeline of the major events since 2001 are illustrated in Chart 1 from when the institutions shared a single board of governors to the present full and final separation agreement.

Chart 1: Fairmont & Pierpont Event Timeline



Fairmont and Pierpont have complied with the requirements of W.Va. Code during the separation of the institutions since the passage of House Bill 3215 in 2008.

Original 2009 Separation Agreement

In accordance with House Bill 3215 and W.Va. Code Sections §18B-2A-7A(h) and §18B-3C-12, both the Fairmont and Pierpont BOG jointly agreed on the division of assets and liabilities with a wish to maintain the collaborative and cooperative spirit that characterized the historical relationship between the two colleges. This agreement was executed on December 15, 2009, and retroactively effective to July 1, 2009, for financial statement purposes. It is clear in the separation agreement preamble that both institutions wished to continue having a similar working relationship that they had built together during the time they were one institution. The preamble states:

“Despite the legal separation of the two institutions, the BOG-FSU and the BOG-PCTC wish to maintain the collaborative and cooperative spirit that has characterized the historical relationship between the University and the College (...), Students have benefited and will continue to benefit from the relationship between Fairmont State University (FSU) and Pierpont Community and Technical College (PCTC).”

The continuance of joint administrative operations between the two entities is permissible under W.Va. Code §18B-3C-12(b)(3)(D), which provided for various administrative functions, such as payroll, student records, and registration, among others, to be provided as a service to the newly independent community and technical colleges, so long as the arrangement was mutually agreed.

The original separation agreement is divided into several sections: Education and General Equipment Assets, Education and General Buildings and Infrastructure, Auxiliary Enterprises, and General. Each section contains subsections to address the specific details of the assets and/or liabilities associated with that section. The allocation of the assets and liabilities discussed in the original separation agreement was calculated and mutually agreed to utilizing credit hour enrollments, amounts charged back by institution, and the amount of instructional chargeback over the course of the years. After 2019 there were fee for service agreements in lieu of chargeback agreements due to both institutions progressing towards operating independently of one another in the true nature of full separation. Below is a brief summary of the original agreement reached by the two institutions in 2009.

Education and General Equipment Assets

Equipment assets, regardless of whether they were charged back, presently owned, or purchased in the future by either the Fairmont or the Pierpont would be owned by the institution that the equipment was intended for and reflected on the appropriate institution's equipment schedule.

Education and General Buildings and Infrastructure

All fees' students were paying in order to cover the debt owed towards bonds would continue to be the same. If there was an excess of fees collected this money would be used for repair and renovation projects. Both institutions assumed a shared responsibility proportionate to the full-time equivalent (FTE) enrollment of each institution for the total cost of maintaining the facilities with joint ownership of the education and general and infrastructure capital assets and liabilities to be reflected on each institution's financial statements at the end of each year.

The percentage of ownership of assets and liabilities was to be assigned and based on the average fall term census data credit hour enrollments (FTE) over the most recent ten years. All land assets were to be owned by Fairmont and land deeds were to stay in the name of the Fairmont BOG. If either institution paid all of its bond indebtedness, then wished to move to a separate campus, it would sell the property to the other institution at an agreed upon price. If there were capital projects that improved joint assets the projects would have been paid for based on the average fall term census date FTE over the most recent ten (10) years. Any capital project designated to only Fairmont or only to Pierpont and not located on a shared campus would be added to the assets and liabilities of the institution to which the capital project was specified.

Auxiliary Enterprise

Assets and related liabilities of the auxiliary enterprises include the athletics, bookstore, conference center, convenience store, copy center, facilities (parking & security), housing, and recreation center and are owned by Fairmont. All students of both institutions who attend class on the main campus and/or pay user fees would have access to these facilities and activities. All auxiliary-related student fees approved by the Fairmont and Pierpont BOG, the Higher Education Policy Commission (HEPC), and the Community and Technical College Council (CTCC), for the operation, debt service, and repair and maintenance of auxiliary enterprise facilities would be dedicated and provided to those specific auxiliary funds for appropriate indicated purposes.

The auxiliary enterprise bond covenant obligations of Fairmont and Pierpont would be met by continuing to honor the requirements stipulated in the covenants, and students of both institutions would be required to pay the fees stipulated in all bond document covenants. Fairmont is responsible for managing the operation of the auxiliary enterprises and maintaining the auxiliary facilities in good repair with all capital projects for the auxiliary enterprises to be approved by the Fairmont BOG.

General

This section of the agreement addressed asset and liability reporting, bond debt & assignment, and chargeback agreement & data sharing. The separation of assets and liabilities was to be reported on the financial statements of Fairmont and Pierpont, for the period beginning July 1, 2009. The bond debt assigned to each institution's balance sheet for education & general and infrastructure facilities was allocated based on the average of the past ten years of credit hour enrollments, which allocated 65.66% of the debt to Fairmont and 34.34% to Pierpont at the time of the original separation agreement. The assignment of debt for the auxiliary facilities was assigned to Fairmont as it is the legal owner of the assets; however, Pierpont students were to continue to pay all auxiliary fees based on the bond requirements.

To maintain an economy of scale in support service and operating budget costs, Fairmont and Pierpont agreed to buy services from each other under a formal chargeback agreement and to operate from one student, finance, and human resource database. For clarity, chargeback refers to administrative, academic support, student service, and physical plant services provided and/or obtained from one institution to the other. The chargeback services cost ranged from the collection of fees for the payment of debt and operating expenses to teaching services and the daily upkeep of facilities. The chargeback agreements stated that Fairmont and Pierpont were to be on an independent profit model with separated financial records. All tuition revenues were to be posted to the institution in which the student was enrolled with the required auxiliary, capital, and student activity fee revenues posted to the institution in which the student was enrolled; and 100% of these revenues were to be transferred as an expense. This transfer of expense was due to the fact that most of the fees were pledged to revenue bonds to maintain compliance with the bond covenants.

Expenditures were assigned directly to their perspective institution with personnel services and fringe benefits paid from the institution in which they were employed. Teaching services, salary and benefit chargeback services, and support staff liability costs from each institution would be based upon a percentage of FTE enrollment. Other expenditures such as operating (non-labor) expenses and academic operating costs were based upon a negotiated established chargeback rate.

Financial Statements

Fairmont and Pierpont are audited annually by a third-party CPA firm. During the audit period Fairmont and Pierpont were both audited by Suttle & Stalnaker with the financial statements being presented in comparative format to reflect the reporting structure as defined in the Separation of Assets and Liabilities Agreement. According to the auditor's report, both Fairmont's and Pierpont's audited financial report includes information for unrestricted, restricted, and other funds. Fairmont's also includes auxiliary funds and the BOG support fund, whereas Pierpont's reflects ownership in the Board of Governors support (BOG Support). The BOG Support reports capital funds that support both academic institutions as a separate reporting component. It consists of capital funds for all education and general capital, infrastructure, and shared bonding for plant repairs and replacements of shared buildings, plant and other capitalized assets, and grants in support of capital projects. During the scope of the audit there were no adverse findings for either institution reported by Suttle and Stalnaker.

The Legislative Auditor has provided the following summarization of the financial statements for the areas deemed relevant to the shared areas of both Fairmont and Pierpont and the notable areas as they relate to the objectives of this audit.

Long-Term Debt Activity and Related Party Transactions

When the two institutions were a single entity, Fairmont issued significant outstanding debt, and as discussed above, both entities agreed to share the outstanding bond debt proportionately based on 10-

year average enrollments. In June of 2012, Fairmont State, in conjunction with Pierpont, issued Revenue Refunding Bonds, Series 2012A and 2012B. Series 2012A with a principal of \$20,165,000 to refund in full the outstanding 2002A and 2002B Bonds and pay the costs of issuance of the Series 2012A Bonds and related costs. The series 2012B with a principal amount of \$30,160,000, were issued to advance refund in full the outstanding 2003A and 2003B Bonds and pay the costs of issuance of the Series 2012B Bonds and related costs. The debt assignment for the auxiliary facilities lies with Fairmont as it owns the assets. However, the Pierpont students continued to pay all auxiliary fees based on the requirements of those bonds. During 2021 and 2020, payments by Pierpont to Fairmont on this debt obligation were \$246,149 and \$272,064, respectively. On June 30, 2020, the amount owed to Fairmont was \$2,294,265. However, this debt obligation was replaced with a new liability due to Fairmont, totaling \$16,300,000 which is discussed further in the final separation agreement section. A list of the bond debt issued since 2002, the principal amount, and the intended use of the bond proceeds is provided in Table 1 below.

Table 1: Bond Debt Issuance

Bond Series	Principal	Use
2002A	\$18,170,000	Dormitory and Parking facilities
2002B	\$9,310,000	Infrastructure
2003A	\$13,320,000	Dormitory and Parking facilities
2003B	\$22,925,000	Student Activity Center
2006	\$8,500,000	FSU BOG Subordinate facilities Improvement-Locust Ave. Campus
2012A	\$20,165,000	Refund 2002A &2002B bonds
2012B	\$30,160,000	Refund 2003A &2003B bonds

Source: Pierpont Community & Technical College; and Fairmont State Financial Statements Years Ended June 30, 2021

In 2019 and previous years Pierpont and Fairmont had chargeback agreements for services shared between the two institutions. With Pierpont moving towards more independence in providing those shared services, the chargebacks related to teaching, administration, academic support, and student services concluded in fiscal year 2020 as Pierpont staff provided these services independent of Fairmont. There is no revenue for Pierpont and no expense for Fairmont for auxiliary support services shown due to Fairmont’s ownership of the auxiliaries.

Not only do both Fairmont and Pierpont provide services to one another, but each provide services to other state agencies as well as receiving funding or grants and utilizing services, supplies, and equipment provided by other state agencies. Note neither institution is due nor owed by the other in fiscal years 2019 to 2021 as any funds owed or due to the other is agreed upon through contractual agreements as previously discussed. The amounts due from and to other state agencies by both Fairmont and Pierpont are illustrated in Appendices A, B, and C.

Significant Agreements Subsequent to the 2009 Agreement

Tuition & Fee Subsidy Arbitration

In July of 2011 Fairmont and Pierpont entered arbitration regarding the tuition and fee subsidy for select Associate Degree programs delivered by Fairmont. The main issues during this arbitration were 1) whether the agreement between Fairmont and Pierpont that phased out the differential tuition payments by Pierpont to Fairmont was valid and 2) if the WV Council for CTC Education (Council) had the authority over associate degree level programs. In September of 2011 the arbitrators came to the conclusion regarding the first issue that there was no further financial obligation by Pierpont to pay Fairmont any tuition differential by operation of law on July 1, 2009. In regard to the second issue the arbitrators concluded that statutory language did authorize the Council to enter into an agreement with

Fairmont to deliver associate degree programs, but the statutory language and practice did not give authority to the Council to establish or direct the amount of tuition at the University. This binding arbitration decision was conducted in accordance to the resolution of disagreements protocol as delineated in HB 3215.

2014 Arbitration Settlement

In 2014 Fairmont and Pierpont were in dispute and once again entered arbitration. With the arbitration being centered around Pierpont being of the opinion that it was hindered by a senior/junior partnership, in which Fairmont acted as the senior and Pierpont the junior. According to Pierpont this junior/senior partnership enabled Fairmont to deny Pierpont the ability to designate or have access to capital and infrastructure funds that were not funds obligated for operation, capital, and debt service expenditures, for its own use. Overall, Pierpont wanted 1) A new version of paragraph R.1.1 in the 2013-2014 Chargeback Agreement implemented and continue to be implemented in future chargeback agreements, 2) That the Separation of Assets and Liabilities Agreement of 2009 be revised and updated to reflect the status of Pierpont as an independent institution, and 3) That the Chief Financial Officer (CFO) of Pierpont be granted the same level of access as the CFO of Fairmont to all accounts containing funds generated by Pierpont students. Both institutions made written submissions, with supporting documents as evidence to the arbitration panel and an evidentiary hearing was held. Prior to the issuance of a binding arbitration decision the two institutions reached a settlement agreement.

In the settlement, Pierpont and Fairmont agreed to comply with the express terms of the Separation of Assets Agreement of 2009 and for funding of Pierpont-only projects would be provided out of the Joint Capital Projects Account pursuant to a payment schedule not to exceed \$1 million if each complied with the terms of the Separation of Assets Agreement. Additionally, between July 1, 2016, and January 2017, the Presidents and Chief Financial Officer (CFO) of Fairmont and Pierpont would meet and confer in good faith to discuss whether the express terms of the Separation of Assets Agreement should be amended for FY 2018. Also, any student removed from the co-owned, shared campus by Pierpont, starting with the 2013 Academic year and each following year were required to pay the same fees as those students located on the main Locust Avenue campus as long as those students were enrolled in programs historically based on the main campus. The parties agreed to unfreeze the percentage for chargeback for FY 2015 regarding support services and operating expenses for all support offices. The parties also agreed that the percentage should be calculated from the credit hours served at both institutions based on the previous year's enrollment numbers. The final financial aspect of the agreement was that any Auxiliary Fees due and owing and being withheld by Pierpont must be immediately paid to Fairmont and must continue to be paid by Pierpont toward the operation of auxiliary enterprises.

In addition to the financial aspects of the settlement agreement, the provosts of each institution agreed to prepare classroom allocation proposals and submit them to the Facilities Administration Committee for final decision. The Facilities Administration Committee would be composed of equal representation of both institutions. Also, the CFO for Pierpont was granted the same level of access as the CFO of Fairmont to all accounts containing funds generated by Pierpont students. This access included access to historical accounts from FY 2009. This settlement agreement would remain in effect until superseded by the final separation agreement in 2021.

2021 Memorandum of Understanding

In March of 2021, the Presidents of Pierpont and Fairmont entered into a Memorandum of Understanding (MOU), witnessed by WV State Senator Patricia Rucker, for full and final separation of the two institutions. The MOU would lay the foundation for the final separation agreement which would provide for the final division of assets and determine the repayment of debt incurred by both institutions once approved by both institutions BOG. The general parameters of the MOU governing facility

withdraw dates, asset allocation, and debt payments were subsequently adopted in the final separation agreement; however, contained within the MOU was a provision related to a special allocation to be made by the State, which is not part of the final separation agreement. This provision of the MOU indicated a special allocation provided by the State of West Virginia in which, Fairmont would receive \$500,000 and Pierpont \$2.5 million for a total of \$3 million in the special allocation from the state.

A supplemental appropriation of \$3 million was made at the end of FY 2021 to the WV Council for Community and Technical Colleges (WVCTC). This was subsequently transferred to the two colleges, with \$2.5 million to Pierpont CTC and \$500,000 to Fairmont State University. While there may have been discussions regarding the intended use of those funds, there is no stipulation in the MOU or in the enrolled bill that authorized the appropriation as to how those funds are to be spent.

Utilizing \$2.375 million of the \$2.5 million special appropriation it received, Pierpont procured space to relocate three programs that were located on Fairmont's campus at Locust Avenue thereby allowing Fairmont to take full exclusive occupancy no later than June 30, 2022. As of June 30, 2022, Fairmont has committed approximately \$189,000 of the \$500,000 it received towards restoration of the spaces vacated by Pierpont and replacement of furniture, fixtures, and equipment.

Final & Current 2021 Separation Agreement

Utilizing the March 2021 MOU as the base of the agreement, both Pierpont and Fairmont BOG agreed to terms and executed the Final Separation Agreement on April 1, 2021, which supersedes the initial Separation of Assets and Liabilities Agreement of 2009. The final separation agreement is broken into multiple sections including, but not limited to, transfer of property to Pierpont, exit of Pierpont from Locust Avenue Campus, exit of Pierpont from the NAEC, and outstanding capital indebtedness. Below is a brief summary of what each institution agreed to for full and final separation.

Transfer of Property to Pierpont

Fairmont would transfer the Gaston Caperton Center (Caperton Center) and the adjacent property to Pierpont. Along with the transfer of the Caperton Center and adjacent property Fairmont would assign to Pierpont its long-term lease from the City of Clarksburg, W.Va., for the parking lot across from the Caperton Center. In exchange for assignment of the Caperton lease, which is prepaid to its expiration in 2038, Pierpont would pay Fairmont the amount of \$1.00. Fairmont would also grant to Pierpont all of its rights, title, and interest to the Braxton County Center, located in the Braxton County High School.

Exit of Pierpont from the NAEC and Locust Avenue Campus

Pierpont would exit and vacate occupancy of the Fairmont campus located on Locust Avenue in Fairmont and NAEC no later than June 30, 2021. Pierpont's veterinary technology, culinary arts, and early childhood development programs could continue to occupy the portions of the Locust Avenue Campus and NAEC utilized by those programs at the time of the agreement until June 30, 2022. A fee service agreement for fiscal year 2022 requires Pierpont to pay \$650,000 which is to be paid in monthly payments of \$54,166.67 to Fairmont. This \$650,000 is to cover the cost for the building maintenance, grounds keeping, liability coverage, utilities, custodial services, and information technology networks provided at the Locust Avenue Campus and the NAEC facilities.

As of June 29, 2022, Pierpont has not secured a suitable location that would allow it to relocate the Aviation Maintenance Technology Program from Hanger A of the NAEC. No agreement has been finalized between the two institutions regarding the continued use of the facility by Pierpont; however, negotiations continue between Fairmont and Pierpont for the continued use of the space for one additional year. As of June 30, 2022, an addendum to the final separation agreement, as well as a new fee for service agreement is being drafted. The institutions have indicated that an agreement regarding the facility should be reached and approved within the next 60 days.

Outstanding Capital Indebtedness

On July 1, 2021, Pierpont accepted full legal and sole financial responsibility for the capital indebtedness, in the principal amount of \$1,390,323 and interest in the amount of \$217,761, owed to the HEPC in connection with the Caperton Center. At the same time, Fairmont accepted full legal and sole financial responsibility of \$8,500,000 for the Series 2006 bonds, outstanding in the principal amount of \$2,667,177.28 and interest in the amount of \$129,282.52. In the final separation agreement, Fairmont would be responsible for submitting debt service payments on the 2012 Bonded Indebtedness and paying the costs of operating, maintaining and repairing the facilities refinanced with the Series 2012 Bonds. In addition, Pierpont would pay Fairmont the amount of \$1,300,000 for its portion of the debt service on the 2012 Bonded Indebtedness in two equal installments no later than October 1, 2021, and March 1, 2022. Then beginning July 1, 2022, through the fiscal year ending June 30, 2032, Pierpont is to pay Fairmont \$1,500,000 for a portion of the debt service on the 2012 Bonded Indebtedness, paid in two equal installments no later than October 1st and March 1st of each fiscal year totaling \$16,300,000. Upon the refunding of the Series 2012 Bonds, and with Pierpont's yearly payment for a portion of the debt service on the 2012 Bonded Indebtedness, Pierpont students will no longer be required to live in Fairmont student housing effective July 1, 2022. The payments of these debts by both institutions are intended to be paid from special revenues and shall not constitute debts within the meaning of the constitution or laws of the State of West Virginia.

Conclusion

Fairmont State University and Pierpont Community & Technical College have had a long and intertwined history over the years from being one with a shared board of governors to separate accreditation, remerging, and separating while still wanting to collaborate. However, with the introduction of House Bill 3215 ordering the separation of community and technical colleges from their once sponsoring institution the relationship became intermingled in an intricate and tenuous manner. While Fairmont and Pierpont were directed by House Bill 3215 to separate from one another, it was this same legislation that permitted the two institutions to continue to share facilities, databases, and academic services, so long as it was mutually agreed to by the institutions.

Since the passage of House Bill 3215 in 2008 there have been a series of agreements between Fairmont and Pierpont to separate the two institutions from one another beginning with the 2009 Original Separation Agreement, which was drafted around the intention of the two institutions functioning collaboratively while fulfilling the separation requirements mandated by the Legislature. Subsequent disputes between the institutions were handled through the dispute resolution process outlined in House Bill 3215 resulting in the 2011 arbitration decision, and then to the 2014 arbitration settlement, which was agreed to before a binding arbitration decision could be reached. During the time these agreements were in effect the two institutions continued to acquire and retire debt as needed on an agreed to proportional basis. It was not until 2018 when Senate Bill 552 was introduced proposing that the two institutions join as one once again that the two institutions sought true operational independence to the betterment of both institutions and those they serve. Ultimately Fairmont and Pierpont reached an agreement on the 2021 Final Separation Agreement to completely separate all aspects of the two institutions.

Based upon the analysis conducted in conjunction with this audit, the Legislative Auditor concludes that both Fairmont and Pierpont were in compliance with both W.Va. Code Sections §18B-2A-7A(h) and §18B-3C-12. Both institution's separate Board of Governors agreed to the separation of assets and liabilities and the allocation of educational and general and auxiliary debt service payments that were based on the relative full-time equivalent student enrollment and were adjusted annually to reflect the enrollment changes of the two institutions. When there were issues that arose in which the

two institutions could not reach an agreement or one felt the other was in breach of the agreement, they entered arbitration to resolve the issue and ensure compliance with the Separation Agreement. Chargeback agreements and fee for service agreements were prepared based on the Separation Agreement of 2009 and the Memorandum of Understanding of 2021 and the Final Separation Agreement maintained the previously agreed upon method for the division of assets and the long-term debt assumed.

Based on these agreements and information provided by each institution the legal transfer of all applicable assets and property has been completed. Beginning with Fiscal Year 2023, the last remaining long-term link between Fairmont and Pierpont will be the 2012 Bonded Indebtedness in which Pierpont will pay Fairmont \$1,500,000 annually until June 30, 2032. Upon completion of the last payment in 2032 all long-term debt associated with the conjoined status of Fairmont and Pierpont will be settled. The last remaining short-term link between Fairmont and Pierpont will be Pierpont's continued use of the NAEC facility and the fee for service agreement associated with that occupancy. Current negotiations are centered around a one-year extension of the final separation date for the Hanger A use by Pierpont, with an accompanying fee for service agreement

Recommendations:

1. The Legislative Auditor recommends Pierpont identify a long-term location that can meet the needs of the Aviation Maintenance Technology Program to allow it to vacate Hanger A of the NAEC by a date mutually agreed upon by the Fairmont Board of Governors and the Pierpont Board of Governors.

Appendix A
WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE
Post Audit Division

1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
(304) 347-4880

Justin Robinson
Director



July 1, 2022

Dr. Dianna Phillips, Interim President
Fairmont State University
1201 Locust Avenue
Hardway Hall, Room HB 222
Fairmont, WV 26554

Dear Interim President Phillips:

This is to transmit a draft copy of the Post Audit Division's report on the separation status of Fairmont State University and Pierpont Community & Technical College. This report is scheduled to be presented to the Post Audits Subcommittee during the upcoming July interim meetings. A date and time for this meeting has not been set, however the interim meetings are currently scheduled for July 24-26, 2022, and will be held in the Senate Finance Committee Room, Room 451-M. Once a time and date are set, we will contact you and provide that information. We recommend that a representative from your college be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you wish to have an exit conference to discuss this draft report prior to its release, please contact Terri Stowers at (304) 347-4880 to schedule a meeting for a time and date that would occur prior to July 13, 2022. This exit conference can be done virtually via Teams, and if that is a preference, please let Mrs. Stowers know when scheduling the meeting. In addition, if you wish to provide a written response to be included in the final report, we ask that this be provided to us by Wednesday, July 13, 2022, so that it may be incorporated into the report prior to publication. If you have any questions or concerns, please feel free to contact me. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Justin Robinson".

Justin Robinson

Appendix A
WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE
Post Audit Division

1900 Kanawha Blvd. East, Room W-329
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Justin Robinson
Director



July 1, 2022

Dr. Anthony Hancock, Interim President
Pierpont Community & Technical College
500 Galliher Drive
Fairmont, WV 26554

Dear Interim President Hancock:

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Sincerely,

A handwritten signature in blue ink that reads "Justin Robinson".

Justin Robinson

Appendix B

Objectives, Scope, and Methodology

The Post Audit Division of the Office of the Legislative Auditor conducted this post audit as authorized by Chapter 4, Article 2, Section 5 of the West Virginia Code, as amended. The post audit was conducted in accordance with the standards applicable to performance audits contained in the 2018 generally accepted government auditing standards (GAGAS) issued by the Government Accountability Office. Those standards require the audit to be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The Legislative Auditor believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Legislative Auditor's Office reviews the statewide single audit and the DOH financial audit annually with regards to any issues related to the wvOASIS financial system. The Legislative Auditor's Office on a quarterly basis request and reviews any external and internal audits of the wvOASIS financial system. Through its numerous audits, the Legislative Auditor's Office is constantly testing the financial information contained in the wvOASIS financial system. In addition, the Legislative Auditor's Office has sought the professional opinion of the reliability of wvOASIS from the Joint Committee on Government and Finance's Fiscal Officer who, along with her staff, uses the wvOASIS system daily. Based upon these actions, along with the audit tests conducted on the audited agency, it is our professional judgement that information in the wvOASIS system is reliable for auditing purposes under the 2018 Yellow book. However, in no manner should this statement be construed as a statement that 100 percent of the information or calculations in the wvOASIS financial system is accurate.

Objectives

The objectives of this audit were to determine if Fairmont State University and Pierpont Community & Technical College are in compliance with §18B-2A-7a(h) and §18B-3C-12 and to analyze the general revenue fund activity allocated to each for FY2019 – FY2021.

Scope

The scope of this audit comprised a review of the revenues, expenditures, and fund allocations for Fairmont State University and Pierpont Community & Technical College during fiscal years 2019, 2020, and 2021 as well as the legal agreements between the two institutions related to the separation mandated by the Legislature.

Methodology

House Bill 3215 was reviewed to determine how the separation process of community and technical colleges from their once sponsoring university or college was to occur to become independent institutions by removing the administrative links to the former sponsoring institution.

Critical to the audit objectives was the review of all legal agreements between the two institutions associated with the separation prompted by House Bill 3215. This review included documents such as, the initial Separation agreement from 2009, financial statements for both institutions for 2019 to 2021, fee for service agreements between the two institutions, the memorandum of understanding from 2021, and the final separation agreement from 2021. This review allowed the auditors to determine how the two institutions agreed to split both shared and individual assets, liabilities, and personnel. Review of the agreements related to their separation allowed the auditors to determine if the rules established by W.Va. Code sections §18B-2A-7a(h) and §18B-3C-12 for separation were met and complied with by both institutions through the entire separation process.

The auditors concurrently analyzed the activity of the general revenue funds allocated to both Fairmont State University and Pierpont Community & Technical College. This analysis allowed the auditors to determine if any transactions were in violation of what W.Va. Code delineates as permissible. This analysis included determining if there were any comingling of funds between the two institutions as well as determining if there were any funds overlapping.

Appendix C
Amounts Due and Owed to Affiliated Organizations and State Agencies

2019 Amounts Due and Owed to Affiliated Organizations & Other State Agencies		
	<u>Fairmont</u>	<u>Pierpont</u>
Due from:		
Adjutant General	\$6,633	\$0
Department of Commerce	\$125,603	\$58,161
Department of Education	<u>\$2,000</u>	<u>\$14,165</u>
Total	<u>\$134,236</u>	<u>\$72,326</u>
Due to:		
WVNET	\$150	\$4,208
Dept. of Administration	\$181	\$0
State Tax Department	\$436	\$0
State Treasurers Office	\$6,575	\$5,809
PEIA	<u>\$14,663</u>	<u>\$0</u>
Total	<u>\$22,005</u>	<u>\$10,017</u>

Source: Pierpont CTC & Fairmont State Financial Statements Years Ended June 30, 2019, Note 14

2020 Amounts Due and Owed to Affiliated Organizations & Other State Agencies		
	<u>Fairmont</u>	<u>Pierpont</u>
Due from:		
Department of Commerce	\$15,478	\$7,046
Department of Health & Human Resources	\$0	\$56,203
Marshall University	\$0	\$250
Total		
Due to:		
WVNET	\$6,094	\$24,003
Department of Administration	\$354	\$0
State Attorney General	\$92	\$0
State Tax Department	\$3,468	\$0
State Treasurers Office	\$12,719	\$1,137
PEIA	\$15,007	\$0
WV Center for Nursing (HEPC)	<u>\$1,250</u>	<u>\$0</u>
Total	<u>\$38,984</u>	<u>\$25,140</u>

Source: Pierpont CTC & Fairmont State Financial Statements Years Ended June 30, 2020, Note 14

2021 Amounts Due and Owed to Affiliated Organizations & Other State Agencies		
	<u>Fairmont</u>	<u>Pierpont</u>
Due from:		
Adjutant General	\$1,643	\$0
Department of Commerce	\$0	\$0
Division of Rehabilitation	<u>\$3,716</u>	<u>\$0</u>
Total	<u>\$5,359</u>	<u>\$0</u>
Due to:		
Dept. of Administration	\$57	\$18
Department of Health & Human Resources	\$0	\$10,037
Division of Motor Vehicles	\$175	\$0
HEPC	\$26,191	\$0
State Attorney General	\$375	\$62
State Tax Department	\$0	\$0
State Treasurers Office	\$5,546	\$999
PEIA	\$0	\$403
WV School of Osteopathic Medicine	<u>\$3,000</u>	<u>\$0</u>
Total	<u>\$35,344</u>	<u>\$11,519</u>

Source: Pierpont CTC & Fairmont State Financial Statements Years Ended June 30, 2021, Note 14

Appendix D
Fairmont General Revenue Expenditures by Unit

FY2019-FY2021 Fairmont General Revenue Expenditures by Unit				
Unit	Unit Name	2019	2020	2021
1000	President's Off	\$18,723	\$369,201	\$393,447
1001	Hum Res/Payroll	\$80,018	\$2,827	\$49,362
1001	Human Resources	\$0	\$363,623	\$360,575
1036	Office of Grnts	\$0	\$106,011	\$80,243
1100	Instl Eff & Res	\$78,418	\$33,399	\$9,380
1205	Dir Univ Rel	\$0	\$73,295	\$134,954
1210	Public Relat	\$0	\$130,950	\$143,513
1300	General Counsel	\$0	\$0	\$103,144
1400	Instl Assmnt/E	\$24,031	\$94,663	\$73,964
1525	Alumni Office	\$0	\$0	\$35,066
1600	Dir Athletics	\$133,051	\$117,811	\$115,642
1615	Athlet Trainer	\$93,482	\$96,161	\$95,762
1620	Genl Athletics	\$170,575	\$173,648	\$178,560
1700	Men Football	\$93,048	\$148,390	\$177,582
1705	Men Basketball	\$53,623	\$44,181	\$6,021
1715	Men's Wrestling	\$0	\$41,940	\$39,224
1735	Men Swimming	\$0	\$0	\$2,612
1810	Wom Swimming	\$0	\$2,870	\$2,850
1825	Wom Volleyball	\$52,624	\$53,496	\$61,636
2004	Folklife Center	\$42,259	\$0	\$0
2040	Cont Ed & Com E	\$0	\$0	\$12,054
2100	Academic Admin	\$203,127	\$357,644	\$146,508
2132	Tutor & Test	\$20,668	\$68,632	\$31,583
2200	Honors Program	\$0	\$31,470	\$9,808
2210	Sch of Business	\$130,635	\$220,603	\$223,322
2211	Prgm-Accounting	\$108,628	\$1,244	\$17,558
2211	Accounting	\$0	\$91,430	\$135,636
2212	Prgm:InfoSysMgt	\$206,861	\$1,228	\$0
2212	Info Sys Mgt	\$0	\$209,946	\$184,819
2213	Prgm:Busn Admin	\$260,915	\$27,840	\$53,808
2213	Busn Admin	\$0	\$361,221	\$354,372
2214	Prgm:BsAdmFinc	\$2,219	\$8	\$256
2214	Bus Adm Finc	\$0	\$2,238	\$2,415
2215	Prgm:BsAdm-Mgmt	\$137,457	\$12,446	\$15,665
2215	Bus Mgmt	\$0	\$127,151	\$124,920
2216	Prgm:BsAdmMktg	\$8,197	\$7	\$10
2216	Bus Adm Mktg	\$0	\$1,791	\$1,609
2220	Sch of Fine Art	\$48,082	\$17,556	\$0
2222	FA-Storytelling	\$0	\$0	\$7,447
2231	Prgm:Art Educ	\$103,172	\$34,171	\$27,552
2232	Prgm:Studio Art	\$186,651	\$380	\$0
2232	Studio Art	\$0	\$98,600	\$104,470

Unit	Unit Name	2019	2020	2021
2242	Prgm:Comm Arts	\$171,638	\$14,490	\$13,615
2242	Comm Arts	\$0	\$114,658	\$96,975
2243	Prgm:OralCxEduc	\$17,759	\$1,386	\$0
2243	Oral Com Educ	\$0	\$12,673	\$7,037
2244	Prgm:Thea Arts	\$199,623	\$16,356	\$2,101
2244	Theatre Arts	\$0	\$184,766	\$210,707
2245	Prgm:Thea Educ	\$71,860	\$72,047	\$75,445
2254	Prgm:Music	\$6,461	\$0	\$94
2254	Music	\$0	\$6,069	\$6,003
2255	Prgm:Music Educ	\$6,956	\$487	\$0
2255	Music Educ	\$0	\$5,863	\$6,368
2256	Educ Core	\$207,311	\$179,317	\$213,194
2257	Prgm:Elem Educ	\$84,713	\$364	\$1,230
2257	UG Elem Educ	\$0	\$88,850	\$86,306
2258	Prgm:Phys Educ	\$49,284	\$4,595	\$5,132
2258	UG Phys Educ	\$0	\$36,220	\$33,073
2259	Prgm:ExrcseScie	\$35,949	\$0	\$0
2259	UG Exrcse Scie	\$0	\$5,926	\$0
2260	Sch of Educ/HHP	\$590	\$3,759	\$9,103
2265	Prgm:SchHlthEdu	\$93,011	\$0	\$0
2265	UG Sch Hlth Edu	\$0	\$58,586	\$12,887
2266	Prgm:CmHlthEduc	\$120,199	\$12,168	\$5,809
2269	GRPrgm:ExSci/FW	\$25,164	\$96	\$0
2269	GR Ex Sci/F&W	\$0	\$4,052	\$0
2272	GRPrgm:Reading	\$0	\$12,427	\$0
2280	Nurs/All Hlt Ad	\$172,744	\$307,370	\$315,436
2281	Health Car Adm	\$27,931	\$24,018	\$25,629
2282	Prgm:A.S.Nurs	\$358,404	\$24,280	\$58,607
2282	A.S.Nursing	\$0	\$525,185	\$529,783
2283	Prgm:LPN to ASN	\$213,333	\$19,625	\$23,341
2283	LPN to ASN	\$0	\$192,165	\$191,967
2284	Prgm:RN to BSN	\$152,562	\$304	\$430
2284	RN to BSN	\$0	\$267,085	\$316,493
2300	Dean-Col Sc/Tec	\$0	\$0	\$65,553
2310	Bio/Chem/Geo	\$1,047,164	\$90,310	\$0
2310	Dep Nat Sci	\$0	\$1,283,920	\$1,286,921
2320	ComSc/Math/Phys	\$542,038	\$37,923	\$66,754
2320	Dpt Cmp Sc/Math	\$0	\$749,520	\$731,046
2321	Developmen Math	\$9,044	\$0	\$0
2328	Surveying Pg	\$0	\$0	\$1,608
2330	Dep of Technol	\$637,074	\$4,545	\$83,822
2330	Dep of Eng Tech	\$0	\$792,400	\$634,858
2331	Architecture Pr	\$237,055	\$294,852	\$296,030
2332	Aviation Prgm	\$0	\$0	\$4,561
2335	Graphics Prgm	\$68,059	\$67,993	\$68,683
2340	Dn-Col Lib Arts	\$199,593	\$116,430	\$6,655

Unit	Unit Name	2019	2020	2021
2350	Dept Behav Sci	\$27,529	\$0	\$0
2351	Prgm:Psychology	\$394,237	\$429,773	\$474,661
2352	Prgm:Soci/Geog	\$146,296	\$114,588	\$15,111
2360	Dept Lang & Lit	\$80,107	\$84,716	\$84,629
2364	Prgm:Eng/EngEd	\$678,833	\$64,377	\$80,948
2364	Eng/Eng Ed	\$0	\$664,080	\$642,086
2365	Prgm:Span/SpnEd	\$58,977	\$5,275	\$0
2365	Span/Span Ed	\$0	\$5,433	\$49,784
2367	Prgm:French	\$70,215	\$6,293	\$0
2367	French (Min)	\$0	\$77,076	\$0
2380	Dept Social Sci	\$1,284	\$0	\$0
2381	Prgm:CrimJustce	\$187,694	\$191,851	\$192,777
2382	Prgm:Hist/SSEd	\$177,347	\$18,908	\$36,585
2382	Hist/Soc St Ed	\$0	\$273,420	\$262,278
2383	Prgm:NSI	\$151,560	\$583	\$19,312
2383	NSI	\$0	\$205,060	\$211,776
2384	Prgm:PoliScie	\$39,877	\$5	\$810
2384	Poli Scie	\$0	\$102,686	\$120,246
2385	Prgm:Philosophy	\$70,911	\$0	\$8,375
2385	Philosophy(Min)	\$0	\$74,686	\$67,562
2390	Caperton Adm	\$1,836	\$0	\$0
3000	VP Admin & Fin	\$68,950	\$151,125	\$151,502
3004	Charles Pointe	\$21,696	\$83,310	\$20,093
3110	Business Off	\$463,502	\$833,266	\$829,199
3122	Human Resources	\$113,375	\$0	\$0
3122	Human Resou-NCB	\$0	\$10,445	\$0
3135	Safe & Security	\$10,438	\$55,721	\$56,697
3138	Cmps Emer Mgmt	\$0	\$0	\$7,313
3160	Instl Revenue	\$1,467,099	\$1,076,662	-\$269,951
3166	Gen Inst-Act Ad	\$0	\$0	\$1,519,960
3400	Phys Plant Adm	\$950,234	\$1,025,553	\$1,017,213
3407	O & M MATEC	\$94,110	\$96,434	\$93,631
5007	Enrol Ser 20%CB	\$185,787	\$27,392	\$0
5008	Enroll Ser 10%	\$76,469	\$0	\$30,489
5008	Enroll Ser Sys	\$0	\$251,666	\$264,379
5009	Enroll Ser-NCB	\$250,836	\$0	\$4,500
5009	Admiss % Proc	\$0	\$260,092	\$227,768
5010	Enrollment Serv	\$106,987	\$126,886	\$131,529
5111	Off-Adm-Univ	\$204,317	\$118,470	\$16,456
5111	Office Recruti	\$0	\$0	\$221,236
5112	Off of Admiss	\$20,494	\$56,947	\$6,277
5120	St Fin Aid Adm	\$0	\$189,414	\$321,013
5125	Guid & Couns	\$0	\$45,964	\$101,430
5126	Guid&Couns NCB	\$0	\$1,985	\$0
5130	Career Services	\$106,480	\$85,160	\$2,745
5130	St Placement	\$10,766	\$9,057	\$4,667

Unit	Unit Name	2019	2020	2021
5135	Acad Adv Center	\$173,975	\$187,608	\$195,417
5140	ADA Administrat	\$40,259	\$119,760	\$84,187
5141	ADA Adm NCB	\$79,380	\$7,364	\$0
5160	Registrar	\$0	\$327,257	\$257,849
6150	Library	\$436,555	\$553,522	\$505,403
6170	CIO-Inform Tech	\$0	\$322,894	\$312,594
6171	Bus Applicata	\$203,420	\$150,691	\$162,469
6173	Teach/Learn Com	\$51,244	\$396,374	\$492,037
6174	Networks	\$376,930	\$506,205	\$554,679
6250	Library-10%	\$30,294	\$4,372	\$0
6270	CIO IT-NCB	\$68,168	\$247	\$0
6270	Inst IT Support	\$0	\$12,021	\$0
6273	T&LC NCB	\$394,698	\$36,520	\$0
6373	TLC CB 20%	\$6,632	\$0	\$0
8103	FY21 NASA Space	<u>\$0</u>	<u>\$0</u>	<u>\$19</u>
Total Disbursements		<u>\$15,111,777</u>	<u>\$18,600,341</u>	<u>\$18,600,341</u>
<i>Source: Data obtained from wvOASIS. Amounts rounded to nearest dollar.</i>				

Appendix E
Pierpont General Revenue Expenditures by Unit

FY2019-FY2021 Pierpont General Revenue Expenditures by Unit				
Unit	Unit Name	2019	2020	2021
7015	President's Off	\$482,302	\$375,180	\$473,319
7105	PCTC Marketing	\$0	\$25,432	\$63,240
7110	Admiss Off PCTC	\$141,690	\$167,769	\$252,920
7200	VP Academic Aff	\$166,171	\$194,034	\$201,349
7203	Student Service	\$478,722	\$707,053	\$742,256
7204	Counseling Ser	\$43,312	\$64,616	\$51,998
7205	Gen Instructnl	\$0	\$6,849	\$0
7210	Assmnt Services	\$13,186	\$0	\$0
7211	Business Techno	\$210,170	\$282,793	\$272,604
7225	Tutoring	\$31,280	\$0	\$0
7230	Sign Lng Int Pr	\$70,830	\$64,955	-\$17,922
7240	Sch-Bus, Av,Tch	\$129,127	\$125,807	\$134,010
7249	Aviat&TEch NCB	\$655,965	\$576,279	\$588,806
7255	Drafting	\$163,490	\$72,363	\$80,656
7257	Graphics	\$132,701	\$168,207	\$184,094
7258	Information Tch	\$154,151	\$143,035	\$124,374
7260	Sch-Health Car	\$285,979	\$316,163	\$337,897
7265	Medical Lab Tch	\$161,158	\$154,816	\$157,258
7266	Lab Assist Prog	\$53,285	\$51,841	\$52,667
7267	Respiratory Thr	\$159,671	\$99,726	\$117,387
7268	LPN Program	\$51,223	\$150,651	\$62,890
7270	Health Info Tch	\$102,404	\$136,785	\$100,983
7275	Veterinary Tech	\$215,139	\$188,000	\$191,548
7276	Phy Therapy Ast	\$150,936	\$131,727	\$134,248
7280	Sch-Human Serv	\$159,338	\$162,529	\$161,107
7285	Early Childhood	\$161,250	\$151,585	\$173,845
7286	Lab Pre-School	\$18,914	\$17,232	\$18,959
7291	Applied Design	\$132,638	\$60,905	\$62,184
7296	Paralegal	\$82,049	\$73,683	\$74,769
7300	Food Service	\$173,311	\$155,744	\$166,386
7305	Criminal Justic	\$148,801	\$119,730	\$136,859
7310	Culinary Arts	\$218,019	\$194,504	\$197,345
7315	EMS Program	\$158,419	\$155,505	\$144,625
7320	Petroleum Tech	\$167,851	\$174,108	\$38,843
7325	Power Syst Inst	\$60,338	\$55,626	\$56,727
7330	App Process Tec	\$164,200	\$150,424	\$172,891
7332	Welding Tech	\$0	\$67,916	\$67,729
7335	Liberal St Prog	\$305,838	\$453,075	\$430,272
7340	Dept Math & Sci	\$205,342	\$180,030	\$156,864
7350	Sch Wrkfrc Dev	\$147,644	\$146,889	\$78,918
7400	Finance	\$299,189	\$706,511	\$659,262
7405	Gen Institut'l	-\$312,000	\$0	\$0

Unit	Unit Name	2019	2020	2021
7414	Fac Srv Chrback	\$21,215	\$0	\$0
7436	NCWV Dist Cnsrt	\$7,302	\$954	\$0
7450	Braxton Co Ctr	\$0	\$0	\$1,749
7452	Off-Camp Crs-No	\$49,254	\$41,247	\$42,084
7454	Off-Camp Crs-So	\$66,403	\$64,982	\$66,155
7456	OCC-South NCB	\$8,510	\$7,801	\$1,044
7460	Institut'l Rev	\$0	\$0	\$0
7471	Dual Credit NCB	\$0	\$0	\$73,877
7600	VP Organ & Dev	\$243,475	\$218,031	\$229,029
7701	Office of CIO	\$476,331	\$227,115	\$197,859
7702	Online Learning	\$0	\$3,712	\$104,164
8973	LPN Sustain	<u>\$27,718</u>	<u>\$26,212</u>	<u>\$0</u>
Total Disbursements		<u>\$7,244,243</u>	<u>\$7,820,129</u>	<u>\$7,820,129</u>

Source: Data obtained from wvOASIS. Amounts rounded to nearest dollar.

Appendix F

Fairmont State University did not provide a written response to be included in the audit report. Interim President Dianna Phillips stated in an email that, “Fairmont State has reviewed the draft report. We are confident that the facts and data are reported appropriately and are also comfortable with the intent of the report.”



July 13, 2022

Mr. Mike Jones
Audit Manager
Legislative Auditor's Office
Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., East
Charleston, WV 25305-0610

Mr. Jones;

Pierpont has reviewed the Legislative Auditor's Report on the separation status of Fairmont State University and Pierpont Community & Technical College and is generally in agreement with the information presented in the report.

However, there is one issue in the report for which Pierpont would like to provide additional information. Specifically related to the bond Series 2012. Pierpont agrees that it has a shared responsibility for the Series 2012 Bonds.

As stated in the report Pierpont has a shared responsibility for the Series 2012 Bonds. Pierpont's annual payment of \$1,500,000 until June 30, 2032 is 47% of the annual debt payment for the Series 2012 Bonds. Pierpont does not believe it should have 47% of the debt responsibility for the Series 2012 Bonds.

Pierpont's responsibility for the Series 2012 Bonds was based on student's usage and the associated fees collected. Based on historic usage, Pierpont's responsibility for the Series 2012 Bonds had been and should be approximately \$750,000 annually. Even though historic usage would suggest annual payments of \$750,000 toward the Series 2012 Bonds, Pierpont would propose a compromise in which its responsibility for the Series 2012 Bonds be closer to its shared ownership level of Education and General Assets at the time the April 2021 Final Separation Agreement of 32%. 32% of the Series 2012 Bond annual debt payment would make Pierpont's annual payment approximately \$1,006,000 instead of \$1,500,000.

Sincerely

A handwritten signature in blue ink that reads 'Dale Bradley'.

Dale Bradley
Vice President for Finance and Administration



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JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR
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