

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

HIGHER EDUCATION POLICY COMMISSION

FOR THE PERIOD

JULY 1, 2000 - JUNE 30, 2002



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

HIGHER EDUCATION POLICY COMMISSION

FOR THE PERIOD

JULY 1, 2000 - JUNE 30, 2002

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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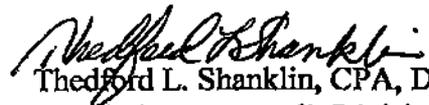


CHARLESTON, WEST VIRGINIA 25305-0610

To the Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the Higher Education Policy Commission. Our examination covers the period July 1, 2000 through June 30, 2002. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,


Theford L. Shanklin, CPA, Director
Legislative Post Audit Division

TLS/jdb

HIGHER EDUCATION POLICY COMMISSION

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HIGHER EDUCATION POLICY COMMISSION

EXIT CONFERENCE

We held an exit conference on June 3, 2004 with the Chancellor and other representatives of the Higher Education Policy Commission. All findings and recommendations were reviewed and discussed. The above officials' responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

HIGHER EDUCATION POLICY COMMISSION

INTRODUCTION

The Higher Education Policy Commission was created by passage of Senate Bill Number 653 by the 2000 Regular Session of the West Virginia Legislature. Among the major effects of Senate Bill 653 was the transfer of the functions of the State College System Board of Directors and the University System Board of Trustees to the newly created Higher Education Policy Commission (HEPC) relating to the development and articulation of the public policy agenda for higher education in West Virginia and administrative oversight of the various institutions of higher education in the State. The HEPC consists of nine members, all of whom are entitled to vote. One member is the Secretary of Education and the Arts, ex-officio. Another member is the State Superintendent of Schools; however, if the State Superintendent of Schools elects not to serve, the State Board of Education shall submit the names of three nominees, which may include members of the State Board of Education, who are knowledgeable in the area of public education policy and who understand and are committed to achieving the goals and objectives as set forth in the institutional compacts and Chapter 18B, Article 1, Section 1a of the West Virginia Code. From the list of nominees, the Governor shall select a member to serve in lieu of the State Superintendent of Schools.

The remaining seven members of the HEPC shall be citizen members who are appointed by the Governor, by and with the advice and consent of the West Virginia State Senate. Such citizen members shall not be an officer, employee or member of an advisory board of any state college or university, an officer or member of any political party executive committee, the holder of any public office or public employment under the government of this State or any of its political

subdivisions or an appointee or employee of any governing board or an immediate family member of any employee under the jurisdiction of the commission or any governing board. Of such citizen members, no more than four thereof shall belong to the same political party and at least two members shall be appointed from each Congressional District. The terms of the members appointed by the Governor shall be for overlapping terms of four years, except, of the original appointments, one shall be appointed for a term of one year, two shall be appointed for a term of two years, two shall be appointed for a term of three years and two shall be appointed for a term of four years. Each reappointment thereafter which is not for the purpose of filling a vacancy in an unexpired term shall be for a term of four years.

Public members appointed by the Governor may only be removed for official misconduct, incompetence, neglect of duty or gross immorality, and then only in the manner prescribed by law for the removal of State elective officers by the Governor.

As of June 30, 2003, the HEPC had oversight responsibilities with respect to the following institutions of higher education: Bluefield State College; Concord College; Eastern West Virginia Community and Technical College; Fairmont State College; Glenville State College; Marshall University; Potomac State College of West Virginia University; Shepherd College; Southern West Virginia Community and Technical College; West Liberty State College; West Virginia University; West Virginia State College; West Virginia Northern Community College; West Virginia School of Osteopathic Medicine; West Virginia University Institute of Technology; and, West Virginia University at Parkersburg.

HIGHER EDUCATION POLICY COMMISSION

COMMISSION MEMBERS AND STAFF

AS OF JUNE 30, 2003

COMMISSION MEMBERS

Elliot G. Hicks	Citizen Member
John R. Hoblitzell	Citizen Member
J. Thomas Jones	Citizen Member
Mary Clare Eros	Citizen Member
Shawn Williams	Citizen Member
Richard K. Hall	Citizen Member
Vacancy	Citizen Member
Kay Goodwin, Secretary Department of Education and the Arts	Ex-Officio
Dr. David Stewart, Superintendent State Department of Education	Ex-Officio

STAFF

Dr. J. Michael Mullen	Chancellor
James A. Winter, CPA	Vice Chancellor for Administration
Dr. Bruce Flack	Director of Academic Affairs
James Skidmore	Vice Chancellor for Community Technical College Education and Workforce Development
Vacancy	Vice Chancellor for Health Sciences

Daniel Crackett Director of Student and Educational Services
Larry Ponder Statewide Coordinator,
Information Systems and Computers
Margaret Buttrick Human Resources Administrator
Robert Morgenstern Executive Director,
Promise Scholarship Program
Jim Barton Director of Information Technology and Special Projects

HIGHER EDUCATION POLICY COMMISSION
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

1. During the course of our examination, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the Higher Education Policy Commission (HEPC) did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations. We believe an effective system of internal controls would have alerted management to these violations at an earlier date and allowed more timely corrective action.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, and establish an effective system of internal controls that will serve to alert management to areas of noncompliance with the West Virginia Code and other applicable rules and regulations.

Commission's Response

No response by the Commission. (See pages 24-26.)

**Understatement of Accounts Receivable
and Capitalization of Interest**

2. We determined the HEPC's accounts receivable balances for the Underwood-Smith and Paul Douglas Scholarship awards are understated by approximately \$1,005,100 because the HEPC is not including all recipients in default status as a part of their accounts receivable. Also, the HEPC is not correctly capitalizing interest in the

Underwood-Smith Scholarship Program with respect to recipients in default status because the HEPC is actually charging compound interest rather than simple interest.

Auditors' Recommendation

We recommend the HEPC comply with the scholarship agreements and place all recipients who fail to provide evidence of compliance with the terms of the agreement into repayment status. We also recommend that interest be accrued monthly and that account balances be adjusted to accurately reflect the accounts receivable due. We also recommend the HEPC comply with Chapter 18C, Article 4, Section 1 of the West Virginia Code, as amended, and, if the HEPC is unable to collect defaulted scholarships within three months after trying with due diligence, refer these defaulted scholarships to the Secretary of the Department of Administration as permitted by Chapter 14, Article 1, Section 18a of the West Virginia Code.

Also, we recommend the HEPC comply with the terms of the contract and charge a simple per annum interest after a repayment schedule is established. We also recommend the HEPC review the accounts of all scholars who are in repayment status and determine the amount of any adjustments which should be made to their respective accounts under the terms of the agreements which were executed by them and the HEPC or its predecessor.

Commission's Response

We will comply with the audit recommendation. (See pages 26-32.)

**Institutional Certification of Higher Education
Grant Awards**

3. The HEPC is not requiring the various colleges and universities to certify the enrollment at their institutions which is required in the disbursement of awards from the Higher Education Grant Program.

Auditors' Recommendation

We recommend the HEPC comply with Sections 11.3 and 12.2.6 of the West Virginia Higher Education Grant Program Operations Manual and require institutions to certify by the signature of appropriate officials at the various schools that the Enrollment Verification Rosters and Final Disbursement Rosters are complete and accurate.

Commission's Response

HEPC is requiring verification of enrollment by the institutions through a significant improvement last year in the form of an electronic roster. The HEPC will work to develop new practices which add a new signature process to this electronic roster. (See pages 32-36.)

Failure to Provide Contract

4. The HEPC was unable to provide us with a written contract where HEPC reimbursed West Virginia University a total of \$171,291.33 during fiscal year 2002 related to the salary and fringe benefits paid by WVU to the former Vice Chancellor of Health Sciences.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 18B, Article 10, Section 2 of the West Virginia Code, as amended, and the Higher Education Policy Commission Procedural Rule Title 133, Series 30, Section 8.11.14.

Commission's Response

We agree with the audit finding; however, our attempts to locate the agreement were unsuccessful. (See pages 37 and 38.)

Special Handled Checks

5. The HEPC disbursed \$4,084,328.20 to private higher education institutions and \$340,000 directly to scholarship recipients using "special handled" State warrants even though State law specified electronic fund transfers be used to make such payments after June 30, 2002.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 12, Article 3, Section 1a of the West Virginia Code, as amended.

Commission's Response

The HEPC is making significant progress in improving internal controls over these types of disbursements. (See pages 38-40.)

Repayment of Health Sciences Scholarships

6. The HEPC does not have an adequate segregation of duties within the Health Sciences Scholarship Program (HSSP) regarding disbursement of funds, receipt of repayment of scholarship funds and record-keeping for the HSSP which has resulted in errors in recipient accounts, miscalculation of interest charges and inadequate monitoring of the HSSP.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 18C, Article 3, Section 3 of the West Virginia Code, as amended, and Article 3 of the HSSP standard contract agreement

and Title 133, Series 4, Section 11. Procedural Rule. We also recommend the HEPC strengthen internal controls in the Health Sciences Scholarship Program by providing a proper segregation of the functions of disbursement of scholarship funds, receipt of repayments of scholarship funds and the record-keeping for the HSSP.

Commission's Response

The HEPC believes the duties are as segregated as possible based on current staffing and the oversight process is sufficient. Also, the discussions with legislative auditors during the course of the audit revealed other problems which have now been dealt with and resolved. (See pages 40-44.)

Underwood-Smith Scholarship Eligibility Requirements

7. The eligibility requirements used by the HEPC in administering the Underwood-Smith Scholarship Program are different than the eligibility requirements specified in Chapter 18C, Article 4, Section 2 of the West Virginia Code, as amended, because the HEPC does not consider recent high school graduates or those about to graduate high school as being substantively eligible for Underwood-Smith awards.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 18C, Article 4, Section 2 of the West Virginia Code or ask the Legislature to amend this Code section so it agrees with the current practices of the HEPC. We also recommend the HEPC petition the Legislative Rule Making Review Committee to amend Section 7.2.2 of Title 133, Series 26, Legislative Rule in order to correct the conflict the current Rule has with the provisions of Chapter 18C, Article 4, Section 2 of the West Virginia Code.

Commission's Response

We believe there is consistency between the statute and the legislative rule, but the legislative rule provides for the implementation of priority decisions in response to excess demand for limited resources. (See pages 44-48.)

Employee Underpayments

8. The HEPC underpaid five employees a combined total of \$1,456.79 due to calculation errors.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 18B, Article 9, Section 3 of the West Virginia Code, as amended, and make any additional payments to the affected employees as required by law.

Commission's Response

We agree with the audit finding and the affected employees have been paid the amounts due them as disclosed in the audit. (See pages 48-50.)

Terminal Leave Pay

9. The HEPC was deducting annual leave days for holidays occurring in pay periods for which separated employees were being paid for terminal leave in noncompliance with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended.

Auditors' Recommendation

We recommend the HEPC comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, and Attorney General's Opinion Number 3.

Commission's Response

We are making such payments in accordance with Rule 143 CSR 14.1(d) of the Division of Personnel and Title 133, Series 38, Section 2.6 of the HEPC's Procedural Rules and, as such, believe we are making the payments properly. (See pages 50-53.)

Meal Reimbursements in Excess of IRS Rates

10. We noted the HEPC generally paid employees on travel status a per diem rate of \$35 per diem for in-state travel and \$50 per day for out-of-state travel which in many cases exceeded the maximum per diem that employees could be paid without having part of the per diem recognized as income for tax purposes.

Auditors' Recommendation

We recommend the HEPC comply with Internal Revenue Service Publication 1542- Per Diem Rates (For Travel Within the Continental United States) and HEPC's Travel Bulletin #9.

Commission's Response

We disagree that the HEPC is paying employees a per diem for "in" and "out" of state travel. Actual reimbursements to a higher education employee are not to exceed the maximum amount established by the commission or governing board which was and currently is, up to \$35 for in state travel and \$50 for out of state travel per day. In most cases, actual expenses exceed the maximum amount claimed for reimbursement. That does not indicate that it is a per diem rate and subject to IRS regulations. (See pages 53-55.)

Equipment Inventory

11. From a sample of 35 equipment items selected, we were unable to locate a computer, keyboard and monitor with a purchase price of \$2,182 and 11 other computers valued at \$22,539 were found, but were not located where the equipment inventory indicated.

Auditors' Recommendation

We recommend the HEPC comply with Section 9.2.3 of the State College and University Systems of West Virginia Purchasing Procedures Manual.

Commission's Response

The Commission is investigating the one piece of missing equipment. With respect to the other equipment, the inventory records will be updated to accurately reflect the locations of assets of the HEPC. (See pages 55-57.)

HIGHER EDUCATION POLICY COMMISSION

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the Higher Education Policy Commission. The audit covered the period July 1, 2000 through June 30, 2002.

GENERAL REVENUE ACCOUNTS

During the audit period, the Higher Education Policy Commission operated from the following general revenue accounts for fiscal years 2002 and 2001:

Fiscal Year 2001:

<u>Account Number</u>	<u>Description</u>
0333-012	Board of Trustees and Board of Directors Account - Public Employees' Insurance Matching
0333-099	Central Office State College and University System - Board of Trustees and Board of Directors - Unclassified Account
0333-165	Central Office State College and University System - Board of Trustees and Board of Directors - Tuition Contract Program
0333-508	Central Office Board of Trustees and Board of Directors - Tuition Contract Program
0333-772	Central Office Board of Trustees and Board of Directors - Strategic Planning and Compliance
0333-913	Central Office Board of Trustees and Board of Directors - Board of Trustees and Board of Directors - BRIM Premium

Account Number

Description

0327-099	Chancellor's Office Board of Trustees - Board of Trustees University System Control Account - Unclassified
0327-772	Chancellor's Office Board of Trustees - Board of Trustees University System Control Account - Strategic Plan and Compliance
0323-177	Medical Schools Board of Trustees - University System Health Sciences Account - Rural Health Initiative Site Support
0323-406	Medical Schools Board of Trustees - University System Health Sciences - Correctional Telemedicine Project
0330-096	Chancellor's Office Board of Director's - Board of Director's State College System Account - Unclassified
0330-772	Chancellor's Office Board of Director's - Board of Director's State College System Account - Strategic Plan and Compliance

Fiscal Year 2002:

Account Number

Description

0589-099	Higher Education Policy Commission Administration - Unclassified
0589-165	Higher Education Policy Commission Administration - Tuition Contract Program
0589-392	Higher Education Policy Commission Administration - West Virginia Council for Community and Technical Education
0589-508	Higher Education Policy Commission Administration - Higher Education Technology Initiative - Surplus

<u>Account Number</u>	<u>Description</u>
0589-913	Higher Education Policy Commission Administration - BRIM Premium
0590-177	Higher Education Policy Commission - Health Sciences - Primary Health Education Program Support
0590-406	Higher Education Policy Commission - Health Science - Correctional Telemedicine Project
0590-853	Higher Education Policy Commission - Health Science - Rural Health Initiative Site Support Program

SPECIAL REVENUE ACCOUNTS

During the audit period, the Higher Education Policy Commission operated from the following special revenue accounts for fiscal years 2002 and 2001:

Fiscal Year 2001:

<u>Account Number</u>	<u>Description</u>
4057-164	Central Office - State College and University System - Higher Education - Adult Part - Time Student Grant Program
4057-166	Central Office - State College and University System Lottery Education - Minority Doctoral Fellowship
4057-167	Central Office - State College and University System- Lottery Education - Underwood-Smith Scholarship Program - Student Awards
4057- 176	Central Office - State College and University System Lottery Education - Health Sciences Scholarship
4057- 847	Central Office - State College and University System System- Lottery Education - Capital Outlay Improvements

Account Number

Description

4057 - 867	Central Office - State College and University System - Lottery Education - Higher Education Adult Part-Time Student Grant Program (HEAPS)
4057-868	Central Office - State College and University System- Lottery Education - WV Engineering Science and Technology Scholarship Program
4051-099	Central Office State College and University System - Combined System Higher Education Resource Fees (HERF) Allocations
4052-099	Central Office State College and University System - Combined System - Underwood-Smith Scholarship Program
4054-099	Central Office State College and University System Combined System Eminent Scholars Program Fund
4006-099	Chancellor's Office Board of Trustees - University Systems - Higher Education Resource Fees
4007-040	Chancellor's Office Board of Trustees - University Systems - Registration Fee Special Capital Improvement - Debt Service
4007-251	Chancellor's Office Board of Trustees - University Systems - Special Capital Improvement - Capital Repairs and Alterations
4007-252	Chancellor's Office Board of Trustees - University Systems - Registration Fee - Special Capital Improvement - Miscellaneous Projects
4007-438	Chancellor's Office Board of Trustees - University System Registration Fee - Special Capital Improvement - Computer and Telecommunication Technology
4007-458	Chancellor's Office Board of Trustees - Special Capital Improvement - WVUIT - Base Transfer from Board of Directors

<u>Account Number</u>	<u>Description</u>
4008-040	Chancellors Office Board of Trustees - Tuition Fee Special Capital Improvement - Debt Service
4008-258	Chancellors Office Board of Trustees - Tuition Fee Special Capital Improvement - Building and Campus Renewal
4008-386	Chancellors Office Board of Trustees - Tuition ee Special Capital Improvement - Facilities Planning and Administration
4008-438	Chancellors Office Board of Trustees - Tuition Fee Special Capital Improvement - Computer and Telecommunication Technology
4008-458	Chancellors Office Board of Trustees - Tuition Fee Special Capital Improvement - WVUIT - Base Transfer from Board of Directors
4011-814	Chancellors Office Board of Trustees - Registration Fee State University System Revenue Bond Construction Fund Marshall University Medical School - Capital Improvements
4002-099	Medical Schools Board of Trustees - Health Education Student Loan Program
4003-099	Medical Schools Board of Trustees - Health Sciences Scholarship Fund
4004-099	Medical Schools Board of Trustees - Lottery Net Profits - Vice Chancellor Health Sciences
4283-099	Chancellors Office Board of Directors - Higher Education Resource Fees
4285-099	Chancellors Office Board of Directors - Jobs Training Partnership Account
4289-040	Chancellors Office Board of Directors - Registration Fee Capital Improvements Fund - Debt Service

<u>Account Number</u>	<u>Description</u>
4289-251	Chancellors Office Board of Directors Registration Fee Capital Improvements Fund - Capital Repairs and Alterations
4289-252	Chancellors Office Board of Directors Registration Fee Capital Improvements - Miscellaneous Projects
4289-338	Chancellors Office Board of Directors Registration Fee Capital Improvements - Capital Improvements

Fiscal Year 2002:

<u>Account Number</u>	<u>Description</u>
4921-099	Higher Education Policy Commission Administration - Higher Education Resource Fees
4922-099	Higher Education Policy Commission Administration - Underwood/Smith Scholarship Program Account
4923-099	Higher Education Policy Commission Administration - Eminent Scholars Program
4924-099	Higher Education Policy Commission Administration - Job Training Partnership Act
4296-099	Higher Education Policy Commission - Promise Scholarship Fund
4925-164	Higher Education Policy Commission - Higher Education Grant Program
4925-165	Higher Education Policy Commission - Tuition Contract Program
4925-166	Higher Education Policy Commission - Minority Doctoral Fellowship

<u>Account Number</u>	<u>Description</u>
4925-167	Higher Education Policy Commission - Underwood-Smith Student Awards Account
4925-176	Higher Education Policy Commission - Health Sciences Scholarship
4925-847	Higher Education Policy Commission - Capital Outlay and Improvements
4925-867	Higher Education Policy Commission - Higher Education Adult Part-Time Student (HEAPS) Program
4925-868	Higher Education Policy Commission - WV Engineering, Science and Technology Program
4901-099	Higher Education Policy Commission - Higher Education Resource Fees
4903-040	Higher Education Policy Commission - Tuition Fee Capital Improvements - Debt Service
4903-258	Higher Education Policy Commission - Tuition Fee Capital Improvement - Building and Campus Renewal
4903-259	Higher Education Policy Commission - Tuition Fee Capital Improvements - Capital Improvements
4903-306	Higher Education Policy Commission - Tuition Fee Capital Improvement - General Capital Expenditures
4903-336	Higher Education Policy Commission - Tuition Fee Capital - Miscellaneous Campus Development Projects
4903-353	Higher Education Policy Commission - Tuition Fee Capital Improvement - Tax Assessment Errors
4903-357	Higher Education Policy Commission - Tuition Fee Capital Improvement - WV State College Campus Development

<u>Account Number</u>	<u>Description</u>
4903-386	Higher Education Policy Commission - Tuition Fee Capital Improvement - Facilities Planning and Administration
4903-438	Higher Education Policy Commission - Tuition Fee Capital Improvement - Computer and Telecommunications Technology
4903-457	Higher Education Policy Commission - Tuition Fee Capital Improvement - SATNET Fiber Optic System
4903-458	Higher Education Policy Commission - Tuition Fee Capital Improvement - Base Transfer from Board of Directors
4903-537	Higher Education Policy Commission - Tuition Fee Capital Improvement - Capital Contingencies and Emergencies
4903-538	Higher Education Policy Commission - Tuition Fee Capital Improvement - Building and Campus Renewal and Facilities Planning and Administration
4297-096	Higher Education Policy Commission - Higher Education Improvement Fund
4902-040	Higher Education Policy Commission - Registration Fee Capital Improvement - Debt Service
4902-251	Higher Education Policy Commission - Registration Fee Capital Improvement - Capital Repairs and Alterations
4902-306	Higher Education Policy Commission - Registration Fee Capital Improvement - General Capital Expenditures
4902-338	Higher Education Policy Commission - Registration Fee Capital Improvement - Capital Improvements

<u>Account Number</u>	<u>Description</u>
4902-438	Higher Education Policy Commission - Registration Fees Capital Improvement - Computer and Telecommunications Technology
4906-511	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Capital Outlay
4906-715	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Fairmont State Clarksburg Center
4906-716	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Campus Fiber Optics Network
4906-717	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Glenville State College - Ramp and Personnel Lift - Health Building
4906-718	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Glenville State College - Elevator - Science Hall
4906-719	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Glenville State College - Elevator - Louis Bernet Hall
4906-720	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Glenville State College - Roof Replacement Administration Building
4906-721	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - West Liberty State College - Academic Sports and Recreation Center
4906-756	Higher Education Policy Commission - Tuition Fee Revenue Bond Construction - Marshall University - Campus Facilities Improvement
4907-814	State University System Revenue Bond Construction - Marshall University Campus Facilities Improvement

<u>Account Number</u>	<u>Description</u>
4905-511	Higher Education Policy Commission - 1977 State System Registration Fee Refund Revenue Construction - Capital Outlay
4941-099	Higher Education Policy Commission - Health Sciences - Health Education Student Loan Program
4942-099	Higher Education Policy Commission - Health Sciences - Health Education Scholarship Program

FEDERAL FUNDS

During the audit period, the Higher Education Policy Commission operated from the following Federal accounts for fiscal years 2002 and 2001:

Fiscal Year 2001:

<u>Account Number</u>	<u>Description</u>
8760-099	Central Office State College and Universities System - Federal Programs

Fiscal Year 2002:

<u>Account Number</u>	<u>Description</u>
8839-099	Higher Education Policy Commission Federal Programs

COMPLIANCE MATTERS

Chapter 18B of the West Virginia Code generally governs the Higher Education Policy Commission (HEPC) and Chapter 18C of the West Virginia Code generally governs the Higher Education student loans, scholarships and State aid programs.

Lack of Effective System of Internal Controls

During the course of our post audit, it became apparent to us, based on the observed noncompliance with the West Virginia Code and other rules and regulations, the Higher Education Policy Commission (HEPC) did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, states in part:

“The head of each agency shall: . . .

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency’s activities. . . .”

This law requires the agency head to have in place an effective system of internal controls in the form of policies and procedures set up to ensure the agency operates in compliance with the laws, rules and regulations which govern it.

During our audit of the Higher Education Policy Commission, we found the following violations of State laws or other rules and regulations: (1) We determined the HEPC’s accounts receivable balances for defaulted Underwood-Smith and Paul Douglas Scholarship awards are understated by approximately \$1,005,100.00 because the HEPC is not including all recipients in default status as part of their accounts receivable. Also, the HEPC is not correctly capitalizing interest in the Underwood-Smith Scholarship Program with respect to recipients in default status because the HEPC is actually charging compound interest rather than simple interest. (2) The HEPC is not requiring the various colleges and universities to certify the enrollment at their

institution which is required in the disbursement of awards from the Higher Education Grant Program. (3) The HEPC was unable to provide us with a written contract where HEPC reimbursed West Virginia University a total of \$171,291.33 during fiscal year 2002 related to the salary and fringe benefits paid by WVU to the former Vice Chancellor of Health Sciences. (4) The HEPC disbursed \$4,084,328.20 to private higher education institutions and \$340,000.00 directly to scholarship recipients using "special handled" State warrants even though State law specified electronic fund transfers be used to make such payments after June 30, 2002. (5) The HEPC does not have an adequate segregation of duties within the Health Services Scholarship Program (HSSP) regarding disbursement of funds, receipt of repayment of scholarship funds and record-keeping for the HSSP which has resulted in posting errors to recipient accounts, miscalculation of interest charges and inadequate monitoring of the HSSP. (6) The eligibility requirements used by the HEPC in administering the Underwood-Smith Scholarship Program are different than the eligibility requirements specified in Chapter 18C, Article 4, Section 2 of the West Virginia Code, as amended, because the HEPC does not consider recent high school graduates or those about to graduate high school as being substantively eligible for Underwood-Smith awards. (7) The HEPC underpaid five employees a combined total of \$1,456.79 due to calculation errors. (8) The HEPC was deducting annual leave days for holidays occurring in pay periods for which separated employees were being paid for terminal annual leave in noncompliance with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. (9) We noted the HEPC generally paid employees on travel status a per diem rate of \$35 per day for in-state travel and \$50 per day for out-of-state travel which in many cases exceeded the maximum per diem that employees could be paid without having part of the per diem recognized as income for tax purposes. (10) We were unable to locate a computer, keyboard and monitor with a purchase price of \$2,182 and eleven other computers valued at \$22,539.00 were found, but not located where the equipment inventory indicated.

We recommend the HEPC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish an effective system of internal controls that will serve to alert management to areas of noncompliance with the West Virginia Code and other applicable rules and regulations.

Commission's Response

No response by the Commission.

**Understatement of Accounts Receivable
and Capitalization of Interest**

We determined the HEPC's accounts receivable balance for defaulted Underwood-Smith and Paul Douglas Scholarship awards was understated by approximately \$1,005,100.00 and only reflected about 24% of the total accounts receivable due. According to the HEPC's accounts receivable records, there were 47 accounts totaling \$309,112.93 in scholarships and interest as of April 1, 2004. We determined the correct accounts receivable balance to be approximately \$1,314,212.93. At the end of each fiscal year, the accounts receivable total is included in the HEPC's accrual-basis financial statements.

The Underwood-Smith Teacher Scholarship Program provides awards up to \$5,000.00 per recipient per year for up to four years for a bachelors degree and two years for a masters degree. To receive the scholarship, the student must enter into an agreement with the Higher Education Policy Commission (HEPC) to teach at the public pre-school, elementary, middle, or secondary school level in West Virginia for two years for each year of scholarship assistance. If the student fails to meet the teaching obligation stipulated in the agreement, the student is considered to be in "default" and is to be required to repay the scholarship awards made to them by HEPC.

The Underwood - Smith Teacher Scholarship Agreement states in part:

- “1. We, the undersigned Underwood - Smith Teacher Scholarship recipient (referred to hereafter as ‘the scholar’) and authorized official of the Central Office of the State College and University Systems designated to administer the Underwood-Smith Teacher Scholarship Program, agree the scholar shall:
 - Teach on a full-time basis, as determined by the institution of agency in which he/she is teaching, for a period of not less than two-years for each year for which he/she received an Underwood-Smith Scholarship...
 - Provide the Central Office of the State College and University Systems, as it requires, evidence of compliance with the above requirements...
3. **We agree that if the scholar fails to meet the conditions described in Items 1 and 2 ...the scholar shall:**
 1. **Repay the amount of the scholarship received, prorated according to the fraction of teaching obligation not completed...**
 2. **Pay all reasonable collection costs...**
 3. **Pay a simple, per annum interest charge on the outstanding principle....**
6. **We agree that the Central Office of the State College and University Systems shall capitalize any accrued unpaid interest at the time it established a scholar’s repayment schedule....” (Emphasis Added)**

There are two contributing factors which have created the accounts receivable understatement. First, 58 former scholarship recipients, who received a total of \$529,014.00 in awards and were classified by the Financial Aid Office as either “Can’t Locate” or “No Response”, were not included in HEPC’s account receivable balance. We selected nine of these 58 recipients that received a total of \$58,866.00 in scholarship awards for testing and calculated the amount due

the HEPC by deducting any partial credit received through teaching and then adding interest accruals. Our calculations showed that, as of April 1, 2004, these nine recipients owed the HEPC a total of \$110,337.31. By projecting the results of this sample on the entire population, we estimate the total balance due from the 58 recipients to be approximately \$990,000.00. Since all 58 of these recipients have failed to adhere to their scholarship agreement requiring recipients to maintain contact with the HEPC, we believe under the terms of the contracts which they signed that their account balances should be included in the HEPC accounts receivable.

The second reason for the accounts receivable understatement was the Office of Financial Aid's Excel Spreadsheet, used to track receivables and calculate interest, is designed so interest is not accrued until a payment is recorded. If no payment is made, the balance does not change and interest is not accrued. Of the 47 former scholarship recipients in repayment status, 15 recipients with a total receivable balance of \$105,834.59 had not made a payment since at least October 2003. Consequently, as of April 1, 2004, a total of \$15,100.00 in additional interest accruals had not been recorded in the Office of Financial Aid's Excel spreadsheet or in the HEPC's accounts receivable ledger.

Our estimated accounts receivable as of April 1, 2004, is summarized as follows:

HEPC Underwood-Smith and Paul Douglas Accounts Receivable Balance	\$ 309,112.93
Estimated Understatement Due to HEPC not Including 58 Defaulted Scholarship Recipients	990,000.00
Understatement Due to HEPC not Consistently Calculating and Booking Interest Accruals	<u>15,100.00</u>
Estimated Balance of Underwood-Smith and Paul Douglas Accounts Receivable	<u>\$1,314,212.93</u>

The HEPC Statewide Scholarship and Outreach Coordinator agreed that the 58 recipients classified as either "No Response" or "Can't Locate" should have been moved into repayment status and included in the accounts receivable balance. She also agreed that interest should be accrued monthly regardless of whether or not a payment is made.

In addition, we believe the HEPC has failed to fully utilize all collection measures available to recoup scholarships in default. The importance of collection of scholarships in default is all defaulted scholarships collected become available for the purpose of making future scholarship awards. However, as of the date of this report, collection efforts made by the HEPC for Underwood-Smith and Paul Douglas scholarships in default extend only to writing letters and requesting repayment. The Underwood - Smith Teacher Scholarship Agreement states in part:

- “...4. We agree that a scholar required by item 3 to repay his/her scholarship shall:...
- **Make monthly payments to the Central Office of the State College and University Systems which cover principle, interest, late fees (if applicable), and all collection costs not prohibited by law...” (Emphasis Added).**

Chapter 14, Article 1, Section 18a of the West Virginia Code, states in part:

“Any account, claim or debt that an agency of this state is not able to collect within three months after trying with due diligence to do so may be referred to the commissioner of finance and administration for consignment by the commissioner to a responsible licensed and bonded debt collection agency or similar other responsible agent for collection....” (Emphasis Added).

Chapter 18C, Article 4, Section 1 of the West Virginia Code, as amended, states in part:

“...(c) There is hereby created in the state treasury a special revolving fund to be known as the ‘Underwood-Smith Teacher Scholarship Fund’ to be administered by the senior administrator solely for granting scholarships to prospective teachers in accordance with this article. Any moneys which may be appropriated by the Legislature, or received by the senior administrator from other sources, for the purposes of this article shall be deposited in the fund. Any moneys remaining in the fund at the close of a fiscal year shall be carried forward for use in the next fiscal year. Any money repaid to the senior administrator by reason of default of a scholarship agreement under this article shall also be deposited in the fund....” (Emphasis Added).

The HEPC's Statewide Scholarship and Outreach Coordinator said the HEPC was unsure if they legislative authority to perform any additional collection efforts beyond just writing letters asking for repayment, meaning HEPC is unsure whether it has legislative authority to refer defaulted accounts.

In accordance with the Underwood-Smith scholarship agreement, the HEPC shall capitalize any accrued unpaid interest at the time it establishes a scholar's repayment schedule. All subsequent interest charges are to be a simple, per annum interest on the outstanding principle. However, in certain situations as described below, the HEPC compounds interest after the payment schedules have been established. Based on the records of the HEPC, 47 scholars were in repayment status and based on the description of the procedures described to us, we were able to pinpoint six scholars in repayment who we believe were overcharged a total of \$972.58 due to incorrect calculations of interest.

The Underwood - Smith Teacher Scholarship Agreement states in part:

- "...3. We agree that if the scholar fails to meet the conditions described in items 1 and 2 ...the scholar shall:
- Repay the amount of the scholarship received, prorated according to the fraction of teaching obligation not completed...
 - Pay all reasonable collection costs...
 - **Pay a simple, per annum interest charge on the outstanding principle....**
6. We agree that the Central Office of the State College and University Systems **shall capitalize any accrued unpaid interest at the time it established a scholar's repayment schedule....**" (Emphasis Added)

The HEPC has developed a Microsoft Excel Spreadsheet to track the payments and to compute interest due from scholars in repayment. Interest is accrued since the date of the previous payment when payments are entered into the spreadsheet. However, if a scholar fails to make a payment, no interest is accrued. However, if a scholar makes a payment less than the amount of the interest accrued for the period, the difference is added to the outstanding principle, which has the effect of compounding this portion of the interest. Subsequent interest calculations are based on this adjusted principle balance which results in higher interest charges for future payments.

Additionally, one scholarship recipient was overcharged \$193.31 and two recipients were undercharged a total of \$180.46. The overcharge was due to the HEPC calculating interest for a full year for the scholar for fiscal year 2003 when the interest period should have terminated on January 15, 2003. One of the undercharges for \$138.39 was due to the HEPC failing to accrue interest for the period of January 12, 2003 to May 27, 2003. The other undercharge for \$42.07 was due to a transposition error on a statement prepared by the HEPC for the scholarship recipient.

The Statewide Scholarship and Outreach Coordinator understood that interest should not be capitalized after repayment schedules are set. She also agreed that mistakes were made on the overcharge and the two undercharges.

We recommend the HEPC comply with the scholarship agreements and place all recipients who fail to provide evidence of compliance with the terms of the agreement into repayment status. We also recommend that interest be accrued monthly and that account balances be adjusted to accurately reflect the accounts receivable due. We also recommend the HEPC comply with Chapter 18C, Article 4, Section 1 of the West Virginia Code, as amended, and, if the HEPC is unable to collect defaulted scholarships within three months after trying with due diligence, refer

these defaulted scholarships to the Secretary of the Department of Administration as permitted by Chapter 14, Article 1, Section 18a of the West Virginia Code.

Also, we recommend the HEPC comply with the terms of the contract and charge a simple per annum interest after a repayment schedule is established. We also recommend the HEPC review the accounts of all scholars who are in repayment status and determine the amount of any adjustments which should be made to their respective accounts under the terms of the agreements which were executed by them and the HEPC or its predecessor.

Commission's Response

For this group of former recipients (default audience), balances are not included as accounts receivable within the financial statements. We agree that they should be. Files however are available and these amounts are known. Attempts have been made to locate and request the teaching status of these individuals by certified mail. This is accomplished by utilizing the last known address that is requested and provided by the West Virginia DMV. These receivables will be included in financial reporting and additional collection practices are being evaluated.

We agree with this finding and are prepared to make the suggested changes in our current practice of assessing interest on unpaid balance for prior recipients of the Underwood-Smith Teacher Scholarship.

Institutional Certification of Higher Education Grant Awards

According to the West Virginia Higher Education Grant Program Operations Manual, prior to the beginning of each academic term, the HEGP is to prepare Enrollment Verification Rosters for each participating higher education institution listing the institution's students and their

identification numbers, and the amount of each student's award. These rosters are then sent to each participating school's financial aid administrator with a request that certain student information be verified. For our sample of academic year 2002-2003 awards, the rosters were electronically mailed to the various higher education institutions; however, the HEPC failed to obtain the required Certification of Enrollment Forms when the amended rosters were returned by the institutions. These forms should be completed and signed by each participating institution's Financial Aid Administrator certifying that, among other things: (1) Each awarded student is enrolled full-time (minimum of 12 credit hours per semester, 9 hours per summer session) at the institution, (2) Each award was applied only to tuition and fees, and (3) No student was over-awarded by receiving a total financial aid package in excess of the student's demonstrated need, as determined by the Federal Processor from information contained in the Student's Free Application for Federal Student Aid (FAFSA).

For fiscal year 2003, 2002, and 2001, the Higher Education Policy Commission (HEPC) awarded \$16,621,823.37, \$17,366,880.70 and \$14,977,146.81, respectively, of Lottery Education appropriations through the Higher Education Grant Program (HEGP). The HEGP provides monetary awards for qualified undergraduate students who are enrolled full-time and require financial assistance to attend an approved educational institution. Grant Program funds are sent directly to institutions to be attended by recipients with the stipulation that the funds can only be used for payment of tuition and fees.

Section 11.3 of the West Virginia Higher Education Grant Program Operations Manual states in part:

“Each Enrollment Verification Roster is covered by a statement to be signed by an institutional official certifying, among other things, that ‘No over-awarding of gift aid . . . has occurred’ (See Appendix T.) . . . This certification is required each time new awards are made by the grant program . . . ” (Emphasis Added)

Title 133, Series 42, Section 5 of the Legislative Rules of the West Virginia Higher Education Grant Program states in part:

“Eligibility Criteria.

5.1. A person shall be eligible for consideration for a grant if the person:...

5.1.d Is enrolled as a full-time student at an approved institution of higher education;...”

Also, Title 133, Series 42, Section 8 of the Legislative Rule of the West Virginia Higher Education Grant Program states in part:

“...8.9 Should the recipient terminate enrollment for any reason during the academic year, the unused portion of the grant shall be returned by the institution to the Higher Education Policy Commission . . . ”

The HEPC does not receive information from participating institutions independent of the Enrollment Verification Roster, that provides evidence as to whether awarded students were enrolled full-time, or if students dropped hours prior to the conclusion of the refund period. Since no independent confirmation is available to substantiate information provided to HEPC by the various institutions, the importance of properly completed and signed Enrollment Certifications is critical to the control process.

The HEPC does have electronic access to hours completed by students at the conclusion of each semester, although we believe HEPC cannot determine conclusively, by a

student's completed hours, whether or not the HEGP is due a refund. Regardless, of the 67 semester awards totaling \$67,119.00 tested for the 2002-03 semester, 15 semester awards totaling \$14,379.00 were made to students who did not complete enough hours to be considered full-time students.

Additionally, according to the Operations Manual, at the close of the academic year, each participating institution's financial aid administrator is to receive a copy of a Disbursement Certification Roster from the HEPC, which lists all students at his/her institution who received an HEGP award during the previous academic year. According to the Operations Manual, the financial aid administrator or other authorized institutional official must certify by his or her signature on a Disbursement Certification Roster Form that the awards listed were actually disbursed to the students indicated on the roster as either a credit to their accounts or, if any student had paid tuition and fees from another source, as a refund to that student. However, similar to the Enrollment Verification Certifications, described above, the Disbursement Certification Forms were also not acquired by HEPC for Academic Year 2003.

Section 12.2.6 of the West Virginia Higher Education Grant Program Operations Manual states:

“At the end of the academic year, each financial aid administrator will receive a copy of a Disbursement Certification Roster (See Appendix Y) which lists all students at his/her institution who received a WVHEGP award during any term and the total amount (after adjustment, if any) received by each recipient. The financial aid administrator or other authorized institutional official must certify that the grant monies listed were actually disbursed to the students indicated either as a credit to their accounts or, if any student paid tuition and fees from another source, as a refund to that student. This certification is necessary to satisfy Grant Program requirements.”
(Emphasis Added)

Obtaining responsible signatures certifying the accuracy of reports is an important control function that serves to protect State assets by clearly indicating a particular individual is assuming the responsibility for the content of the report. The Higher Education Policy Commission's Financial Aid Manager stated that HEGP rosters were electronically mailed to educational institutions for verification for Academic Year 2002-2003 and that certification forms were not included with this mailing. She also added that beginning with Academic Year 2004-2005, an interactive database program will be accessible by the financial aid office of many of the colleges and universities participating in the grant program. This database program will permit a person who has password access to make changes to that institution's student awards electronically, therefore eliminating the need for rosters to be forwarded to the school. The Financial Aid Manager added that a process requiring a responsible individual to sign forms certifying the accuracy of an institution's modifications in the database has not been considered at this point in the implementation process.

We recommend the HEPC comply with Sections 11.3 and 12.2.6 of the West Virginia Higher Education Grant Program Operations Manual and require institutions to certify by the signature of appropriate officials at the various schools that the Enrollment Verification Rosters and Final Disbursement Rosters are complete and accurate.

Commission's Response

HEPC is requiring verification of enrollment by the institutions through a significant improvement last year in the form of an electronic roster. This new practice requires campus personnel to use a password for access to the award roster(s). Staff will work to develop new practices which add a new signature process to this electronic roster possibly in the form of an electronic signature.

Failure to Provide Contract

The HEPC reimbursed West Virginia University (WVU) an employee's salary and benefits totaling \$171,291.33 during fiscal year 2002. These reimbursements were paid from the HEPC's Higher Education Resource Fees (Account 4901) through the Contractual and Professional Object Code. However, the HEPC was unable to provide a copy of a contract that covered the terms for this reimbursement.

The former Vice Chancellor of Health Sciences resigned from the HEPC on June 30, 2001, at which time he began employment in the Health Sciences Department at WVU. His employment with WVU lasted one year until his retirement. According to HEPC's personnel, an agreement was made between the HEPC and WVU that stated the employee's salary and related benefits would be reimbursed to WVU by the HEPC. The HEPC was invoiced periodically by WVU during fiscal year 2002, and the reimbursement was made through expense-to-expense transfers.

Chapter 18B, Article 10, Section 2 of the West Virginia Code, as amended, states in part:

“ . . . Up to ten percent of the [Higher Education Resource] fee collections shall be deposited in a special fund and expended or allocated by the commission to meet general operating expenses of the commission or to fund statewide programs: Provided, That the board shall, to the maximum extent practicable, offset the impact, if any, on financially needy students of any potential fee increases under this section by allocating an appropriate amount of such fee revenue to the state scholarship program. . . .” (Emphasis Added)

Also, Higher Education Policy Commission Procedural Rule Title 133, Series 30, Purchasing, states in part:

“ . . .8.11.14 Contracts and purchase orders that are competitively bid and exceed \$50,000 shall be approved by the Attorney General or as

may be required by law. Contracts and purchase orders that exceed \$15,000 shall be filed with the State Auditor. . . .”

The salary and benefit reimbursed by the HEPC did not conform with the HEPC Purchasing Regulations quoted above. Also, since the HEPC was unable to provide us with a copy of a written contract between the parties, we were unable to determine if the parties adhered to the terms and conditions of the contract and, whether the duties performed by the former Vice Chancellor matched those specified in the contract and were compatible with the purpose of HEPC’s Higher Education Resource Fee account as specified in Chapter 18B, Article 10, Section 2 of the West Virginia Code, as amended. According to HEPC personnel, the agreement and subsequent reimbursements were made at the direction of the Chancellor.

We recommend the HEPC comply with Chapter 18B, Article 10, Section 2 of the West Virginia Code, as amended, and the Higher Education Policy Commission Procedural Rule Title 133, Series 30, Section 8.11.14.

Commission’s Response

We agree that a written agreement between HEPC and WVU Health Sciences should have been on file with both parties involved. Various attempts were made to locate the agreement, but were unsuccessful. During this search, verbal confirmation of the appropriate nature of these payments has been confirmed and is available from all parties involved.

Special Handled Checks

During fiscal year 2003, Higher Education Grant Program (HEGP) funds totaling \$4,084,328.20 were disbursed to private higher education institutions by use of “special handled” State warrants. Also, during fiscal year 2003, Health Sciences Scholarship Program (HSSP) awards totaling \$340,000.00 were awarded directly to scholarship recipients by use of “special handled”

State warrants. Generally, State warrants are mailed directly to vendors from the State Treasurer's Office; however, when such State warrants are designated for "special handling", the State warrants are returned to, or picked-up by, the HEPC and mailed by them. Therefore, there is an increased risk State warrants may be lost or stolen when they are designated for "special handling."

Chapter 12, Article 3, Section 1a, of the West Virginia Code, as amended, states in part:

"...That after the first day of July, two thousand two, the state auditor shall cease issuing paper warrants except for income tax refunds. After that date all warrants, except for income tax refunds, shall be issued by electronic funds transfer: *Provided, however,* That the auditor, in his or her discretion, may issue paper warrants on an emergency basis: *Provided further,* That the treasurer and the auditor may contract with any bank or financial institution for the processing of electronic authorizations. . . ." (Emphasis Added)

The Financial Aid Manager told us that HEGP warrants are designated for "special handling" so cover letters and invoices can be mailed with the State warrants. According to the Manager, these documents are included with the warrants in order for schools to properly credit their accounts.

The HSSP Coordinator said each HSSP warrant is "special handled" so an award letter summarizing the recipient's obligations, and a Deloitte & Touche opinion on tax implications of the scholarship, can be included with the warrant when it is mailed or picked up by the HSSP recipient.

We recommend the HEPC comply with Chapter 12, Article 3, Section 1a, of the West Virginia Code, as amended.

Commission's Response

Progress has been made to consolidate disbursements to the private institutions. Awards are consolidated for a reasonable time period and then consolidated and disbursed under one warrant. The warrant is indicated as special handling and returned to HEPC so that a roster can be attached detailing the student and award amount that is being forwarded to the institution. Additional progress has been made to completely eliminate the issuing a state warrant on behalf of a student attending a public institution and that warrant being forwarded to a respective state institution. The practice currently is to issue an IGT with an attached roster detailing each student and the respective award amount. As for any state warrant being eliminated and any funds being electronically transferred, this is a vendor decision as to participate in the State Auditor's E-Vendor program.

Repayment of Health Sciences Scholarships

The Health Sciences Scholarship Program (HSSP) provides scholarship incentives for students in the State's higher education system to complete their training and provide primary care in underserved, rural areas of West Virginia, or teach in an undergraduate nursing program in the State. A total of \$290,000 was awarded for scholarships for fiscal years 2001 and 2002. Eligible students include:

- a. Fourth-year medical students at a West Virginia School of allopathic or osteopathic medicine.
- b. Students who are in the final year of a primary care education program for nurse practitioners or physician assistants.
- c. Students who are in a master's degree nursing program leading to a career in nursing education.

A scholarship recipient who fails to practice in an underserved area of West Virginia or fails to teach in a qualifying nursing program in West Virginia within six months after completion of his or her training, or who fails to complete his or her training, is in breach of contract and is liable for repayment of the total scholarship plus interest. We tested ten former students of the 57 former students who were or are currently in default status and noted the following:

1. The same employees are responsible for both receiving repayments of scholarships and maintaining all accounting records for HSSP recipients.
2. Two students were given credit for payments totaling \$1,200.00 that were not deposited in HSSP accounts. One student was credited for a \$1,000 payment and the other student for a \$200 payment, neither of which were deposited.
3. Four of five recipients, who paid or are paying back scholarships with interest, were undercharged interest totaling \$1,412.20. Interest undercharges were due to (1) Crediting some payments entirely to principle even though interest was due at the payment date, (2) Reducing the principle used for the application of the interest rate when payments were due, rather than when payments were actually received, and (3) Improperly waiving interest charges after the recipient's graduation date or the date his or her residency was completed.
4. Four of the five recipients, who defaulted on their service obligations and were set up on repayment schedules, failed to comply with their repayment schedules. The HEPC was unable to provide evidence indicating that the appropriate licensure boards were notified, as required by statute. Therefore, these boards could not take action, such as denying license renewals or reciprocities to other states, in order to leverage recipients into returning their scholarship moneys. As of January 1, 2004, these four scholarship recipients owed a total of \$39,169.15.
5. The HSSP database record for a student who received a \$10,000 scholarship, indicated that his scholarship obligation had been waived. However, according to documents reviewed in the recipient's file and the rules and regulations governing such HSSP waivers, the recipient neither qualified for a waiver nor was a waiver properly approved by the Vice Chancellor.

Article III of the Health Sciences Scholarship Program contract, states in part:

“...If the Participant breaches this Agreement, he or she shall:

- A **Repay 100 percent of the scholarship award plus interest at 15 percent, accruing from the date the Participant completes or terminates training or is no longer serving as stated in his or her contract agreement, within 180 days of default...” (Emphasis Added)**

Chapter 18C, Article 3, Section 3, which governs the Health Science Scholarship Program, as amended, states in part:

“...(e) *Repayment Provisions.* – A scholarship recipient who fails to practice in an underserved area of West Virginia within six months of the completion of his or her training, who fails to complete his or her training, or who fails to complete the required teaching is in breach of contract and is liable for repayment of the total scholarship amount received plus interest. The granting or renewal of a license to practice in West Virginia or to reciprocal licensure in another state based upon licensure in West Virginia shall be contingent upon beginning payment and continuing payment until complete repayment of the total scholarship amount if the recipient fails to practice in an underserved area. No license, renewal or reciprocity shall be granted to persons whose repayments are in arrears....” (Emphasis Added)

In addition, Title 133, Series 41, Section 11.3 of the West Virginia Higher Education Policy Commission Procedural Rule, states:

“In certain cases such as partial disability, chronic disease, or other instances of extreme hardship, repayment of the scholarship may be postponed or waived. The recipient must thoroughly document a request for such consideration. The Vice-Chancellor shall be the authority that may grant such postponement or waiver.” (Emphasis Added)

A lack of segregation of duties in record keeping and receiving payments increases the probability that payments may be misappropriated or payments may be incorrectly recorded.

Also, the HEPC failed to use a statutorily required method to recoup payment. Finally, the one defaulted scholarship obligation for \$10,000 was either improperly waived or the database record reflected incorrect information.

According to the HSSP Coordinator, the two credited payments that were not deposited were never actually received by the HSSP Office. The Office mistakenly credited their payments when trying to determine how much the recipients had paid on their defaulted scholarships. The Coordinator also stated that she was unclear exactly when interest charges should be calculated. She also said the Senior Assistant Attorney General advised her that for some default cases it would be advisable to waive certain interest charges so the recipient would not become overly discouraged and, as a result, be more likely to pay off his or her scholarship. The HSSP Coordinator stated that the \$10,000.00 obligation was not waived since she does not have the authority to grant such waivers. She added the scholarship was recorded as waived in the database because she did not want to include the scholarship as a default in a report prepared for the State Recruitment and Retention Committee.

In order to improve the internal controls over the Health Sciences Scholarship Program, we believe that repayments of scholarship moneys should be forwarded to someone functionally independent of the HSSP Office. This person should be responsible for opening the payment, recording the payment information and forwarding the warrant to the individual responsible for deposits. Copies of the checks and WVFIMS documents and other relevant deposit information should be forwarded to the HSSP Office so they can update their records. The receipt record should be periodically reconciled to HSSP Office records.

We recommend the HEPC comply with Chapter 18C, Article 3, Section 3 of the West Virginia Code, as amended, and Article 3 of the HSSP standard contract agreement and Title 133, Series 4, Section 11.3 Procedural Rule. We also recommend the HEPC strengthen internal controls in the Health Sciences Scholarship Program by providing a proper segregation of the functions of disbursement of scholarship funds, receipt of repayments of scholarship funds and record-keeping for the HSSP.

Commission's Response

This program has less than 10 individuals in repayment status. The disbursement of funds, receipt of repayment of scholarship funds and general accounting of the program are performed by two individuals. A supervisor reviews the work of support staff that is responsible for accounting functions. The actual deposit and or disbursement of funds are processed in the Finance Division of HEPC. It is noted that conversations with the legislative auditor did point out additional problems that have been resolved.

Underwood-Smith Scholarship Eligibility Requirements

The Higher Education Policy Commission (HEPC) used different eligibility requirements for the Underwood-Smith Scholarship program than the eligibility requirements set out in the West Virginia Code. We believe the eligibility requirements used by HEPC were in conflict with the requirements set out in State law.

Chapter 18C, Article 4, Section 2 of the West Virginia Code, as amended, states in part:

“...(b) Eligibility for an Underwood-Smith teacher scholarship award shall be limited to West Virginia resident students who:

(1) Have graduated or are graduating from high school, and rank in the top ten percent of their graduating class or the top ten percent statewide of those West Virginia students taking the American college test;

(2) Have a cumulative grade point average of at least three and twenty-five one hundredths on a possible scale of four after successfully completing two years of course work at an approved institution of higher education;

(3) Are public school aides or paraprofessionals as defined in section eight, article four, chapter eighteen-a of this code, and who have a cumulative grade point average of at least three and twenty-five one hundredths on a possible scale of four after successfully completing two years of course work at an approved institution of higher education; or

(4) Are graduate students at the master's degree level who have graduated or are graduating in the top ten percent of their college graduating class..." (Emphasis Added)

The HEPC does not consider recent high school graduates or those about to graduate high school as being substantively eligible for the Underwood-Smith Scholarship program. According to the Director for Student and Educational Services and the Statewide Scholarship and Outreach Coordinator, there were three reasons the practice of awarding scholarships to students who just graduated high school, or who were about to graduate from high school, was rescinded as follows:

- Limitations in funding.
- Generally, students cannot declare an Education major prior to the completion of two-years undergraduate work.
- This particular student population had a high probability of changing majors, therefore, they were often placed in repayment status.

The Director for Student and Educational Services was unable to tell us when the HEPC started utilizing the current eligibility requirements; however, he estimated the current

eligibility requirements have been in place since the early 1990s. Also, he was unable to tell us who was responsible for the change; however, he speculated the Senior Administration and the members of the Underwood-Smith Scholarship Panel, who were serving during the time of the change, made the decision.

Also, there is an apparent conflict in the Underwood-Smith eligibility requirements set out in the West Virginia Code and those eligibility requirements specified in Title 133, Series 26 Legislative Rule for the Underwood-Smith Teacher Scholarship program. As quoted above, the Chapter 18C, Article 4, Section 2, Subsection (2) states to be eligible for the scholarship students must have a grade point average of 3.25 after successfully completing two years of course work at an approved institution of higher education. On the other hand, the Title 133 Series 26, Section 7.2 of the Legislative rule states in part:

“...To be eligible to receive an Underwood-Smith Teacher Scholarship, applicants/renewals must be West Virginia residents who are or will be enrolled on a full-time basis in an accredited institution of higher education in West Virginia pursuing a course of study leading to teacher certification at the preschool, elementary, middle or secondary level in West Virginia who:...

**7.2.2 Have completed less than two years of college and have at least a 3.25 cumulative grade point average on a possible 4.0 scale...”
(Emphasis Added)**

The Statewide Scholarship and Outreach Coordinator added that Section 7.2.2 of Title 133, Series 26, of the HEPC's Legislative Rules, concerning the requirements for the completion of undergraduate work, is obviously in error.

During fiscal years 2002 and 2001, we learned \$487,926.00, consisting of \$238,159.00 and \$249,767.00 in Fiscal Years 2002 and 2001, respectively, was awarded for

Underwood-Smith Scholarships. This scholarship program is primarily funded through a legislative appropriation of lottery education funds and from collections the Program receives from recipients who have been unable to fulfill their contractual obligations and are repaying their scholarships. However, since the HEPC is not complying with all the eligibility requirements stipulated in the West Virginia Code, these funds may not have been fully expended as intended by the West Virginia Legislature.

We recommend the HEPC comply with Chapter 18C, Article 4, Section 2 of the West Virginia Code or ask the Legislature to amend this Code section so it agrees with the current practices of the HEPC. We also recommend the HEPC petition the Legislative Rule Making Review Committee to amend Section 7.2.2 of Title 133, Series 26, Legislative Rule in order to correct the conflict the current Rule has with the provisions of Chapter 18C, Article 4, Section 2 of the West Virginia Code.

Commission's Response

Questions were raised about the treatment of new high school graduates in determining the eligibility for awards from the Underwood-Smith Teacher Scholarship Program. There is consistency between the statute and the legislative rule but the legislative rule provides for the implementation of priority decisions in response to excess demand for limited resources. The Vice-Chancellor for Administration is authorized to develop and implement these policies.

The current policies and procedures are not in conflict with the eligibility for new high school graduates. However, they reflect several situations:

- 1. Funds have been inadequate for many years to provide awards to all eligible students.***

2. *All colleges and universities have adopted eligibility policies for admission to teacher education programs that typically require:*
 - a. *Minimal grade point average at the end of lower division work,*
 - b. *Passage of the national standardized test of general education preparation, PRAXIS I, and*
 - c. *Other campus specific requirements, and*
3. *Shortages of qualified teachers in specific disciplines exist and change over time and regions of the state.*

Responding to these situations, the Vice-Chancellor established the existing priority policy as authorized in Section 6.3 of the legislative rule. The policy has the effect of directing the awards to students having met the admissions requirements for the profession teacher education program and in a discipline identified as a shortage area by the Department of Education. Areas of shortage are identified annually by the staff of the Department and utilized by the screening committee in developing its recommendations to the Policy Commission on awards.

Employee Underpayments

We noted five employees were underpaid a total of \$1,456.79 in gross wages for the pay periods ending May 31, 2001 and June 15, 2001. These employees worked as Education Outreach Counselors for ten months out of the year, but this ten-month pay was evenly distributed over a 12-month period at the request of the employees. When a one-month work extension was granted to the employees, payment for the additional month was added to the May 31, 2001 and June 15, 2001 payrolls.

We calculated this additional pay for each of these employees by applying the annual pay of an Educational Outreach Counselor for a full-time employee (i.e. annual pay for an employee working 12 months a year as stipulated by the salary schedule in effect at that time) and multiplying this amount by 0.92 (11 months divided by a 12 month year). Each employees' additional pay was then determined by dividing this 11-month salary by 11 to compute the pay for the extra month of work. We compared the amount of pay we believe each employee was due for the additional month to the amount paid the employees by the HEPC for the additional month, as shown in the following schedule:

<u>Employee</u>	<u>Audited Pay</u>	<u>Agency Pay</u>	<u>Calculated Underpayments</u>
#1	\$2,125.70	\$1,757.94	(\$ 367.76)
#2	1,785.47	1,482.50	(302.97)
#3	1,785.47	1,482.50	(302.97)
#4	1,071.28	891.16	(180.12)
#5	<u>1,785.47</u>	<u>1,482.50</u>	<u>(302.97)</u>
TOTALS	<u>\$8,553.39</u>	<u>\$7,096.60</u>	<u>(\$1,456.79)</u>

We also noted amounts deducted from two employees' wages for Federal and State withholdings were inconsistent with the withholding forms completed by the employees in the HEPC payroll files. These differences were as follows:

<u>Employee</u>	<u>Pay Period</u>	<u>Withholding Type</u>	<u>Audited Withholdings</u>	<u>Agency Withholdings</u>	<u>Difference</u>
#1	10/16/01	State	\$39.91	\$36.58	(\$3.33)
#2	10/16/01	Federal	\$123.91	\$147.70	\$23.79

Chapter 18B, Article 9, Section 3 of the West Virginia Code, as amended, states in part:

“(a) There is hereby established a state annual salary schedule for classified employees consisting of a minimum annual salary for each pay grade in accordance with years of experience: Provided, That payment of the minimum salary shall be subject to the availability of funds...”

We spoke with the Assistant Director of Finance and it was agreed that gross pay was calculated incorrectly for the Educational Outreach Counselors. HEPC employees were unable to determine why the Federal and State withholdings did not agree with the withholding forms.

We recommend the HEPC comply with Chapter 18B, Article 9, Section 3 of the West Virginia Code, as amended, and make any additional payments to the affected employees as required by law.

Commission's Response

We agree that the 5 employees in question were underpaid. Since the finding, those employees have been paid the difference.

Terminal Leave Pay

During our audit of terminal leave pay, it came to our attention that the HEPC deducted annual leave days for holidays occurring in the pay periods for which the separated employee is being paid terminal annual leave. However, this method conflicts with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, which states in part:

“Every eligible employee, as defined in section one [§5-5-1] of this article, at the time his or her active employment ends due to resignation, death, retirement or otherwise, may be paid in a lump sum amount, at his or her option, for accrued and unused annual leave at the employee's usual rate of pay at such time. The lump sum payment shall be made by the time of what would have been the employee's next regular payday had his employment continued. **In determining the amount of annual leave entitlement, weekends, holidays or other periods of normal, noncountable time shall be**

excluded , and no deductions may be made for contributions toward retirement from lump sum payments for unused, accrued annual leave since no period of service credit is granted in relation thereto: however, such lump sum payment may not be a part of final average salary computation;...” (Emphasis Added)

Also, Chapter 5, Article 5, Section 1 of the West Virginia Code, as amended, states in part:

“For the purposes of this article: (1) “Eligible Employee” means any regular full-time employee of the state or any spending unit thereof who is eligible for membership in any state retirement system of the state of West Virginia or other retirement plan authorized by the state...”

The HEPC’s Procedural Rule Title 133 Series 38 - Employee Leave states, in part:

“ . . . A recognized institutional holiday occurring during an employee’s leave period shall not be considered as a day of leave, **provided the employee is not in a terminal leave period...(Emphasis Added)**

Therefore, the HEPC’s procedural rule does not appear to be in compliance with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. As a result, during our test of terminal leave pay, we determined the HEPC underpaid four employees a total of \$945.29 for terminal pay. Our calculations were made in accordance with the West Virginia Code quoted above and the Attorney General’s Opinion Number 3, dated August 17, 1988, which states, in part:

“...During an employee’s periods of normal active employment, his accrued annual leave days are **only used and credited against such countable workdays (not used against weekend days, holidays or days properly taken as compensatory days earlier earned)**; therefore, it is the opinion of this office that the Legislature in Code 5-5-3 generally continues such application for determining the amount of the lump sum payment at the time of termination of employment, usually through resignation or retirement. Thus, although an eligible employee will not be remaining on the payroll, but instead will be electing and exercising his option to lump sum

payment; nevertheless, the calendar month of the date of his last day on the payroll and/or subsequent calendar months must be used to determine the countable days against which his full month's and/or portion of a month's salary for which he is entitled to be paid in lump sum amount. In respect of any portion of a month and part of a month's salary to which an employee may be entitled, such is to be computed by first striking from consideration as excludable, the aforesaid weekend days, holidays, or other noncountable time, and thereafter determining the fractional part of the monthly salary which is to constitute such lump sum payment, with the numerator thereof being the accrued leave days of an employee remaining and applicable in such month and the denominator thereof being the countable days of such month remaining after the aforesaid exclusions...." (Emphasis Added)

According to documentation provided by the HEPC and comments from HEPC personnel, the method used by the HEPC in calculating payments for terminal pay was to deduct annual leave days for holidays that occurred in the terminal leave period.

We recommend the HEPC comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, and Attorney General's Opinion Number 3.

Commission's Response

We disagree based on the following information.

In accordance with Rule 143 CSR 14.1(d) of the Division of Personnel which reads: "An employee must either work or be on approved paid leave for either the full scheduled workday before or after the holiday and either work or be on approved paid leave for any fraction of the scheduled workday before or after the holiday to receive pay for the holiday. No employee is entitled to payment for any holiday which occurs prior to the first day of work or after the effective date of separation. (emphasis added) Employees who resign are paid for accumulated annual leave following the date of separation. The period when leave is paid out over regular payroll periods is called the terminal leave period. The rule cited above governs the payment of leave

by the HEPC. In addition, the HEPC Procedural Rule Title 133 Series 38 - Employee Leave Section 2.6 which states as follows: "A recognized institutional holiday occurring during an employee's leave period shall not be considered as a day of leave, provided the employee is not in a terminal leave period" refers to an employee who takes vacation during the week, for example, when Memorial Day occurs. During that week an employee not in a terminal leave period would take only four (4) days of annual leave NOT five (5) since one day was a holiday.

Meal Reimbursements in Excess of IRS Rates

During our audit period, the HEPC generally paid employees and others on travel status a per diem allowance for meals of \$35 per day in-state and \$50 per day out-of-state. According to IRS regulations, the maximum per diem that can be paid to employees for Meals and Incidental Expenses (M&IE) without treating part of the per diem rate as wages for tax purposes was \$30 for most locations in West Virginia. During our test of travel, we noted three employees were paid per diem meal allowances which exceeded the IRS non-taxable per diem rate by a total of \$31.00. However, meal per diem payments in excess of the maximum per diem rate were not reported to the employees and to the IRS for Form-W2 by the HEPC.

Internal Revenue Service Publication 1542 - Per Diem Rates (For Travel Within the Continental United States), states in part:

"...This publication is for employers who pay a per diem allowance to employees for business travel away from home within the continental United States (CONUS)...It gives the maximum per diem rate you can use without treating part of the per diem allowance as wages for tax purposes..."

"...The standard rate for all locations within CONUS *not* specifically listed in Tables 3 and 4 is \$85 (\$55 for lodging and \$30 for M&IE)..."

In West Virginia, the maximum per diem rate that could be paid to employees for M&IE without treating part of the per diem rate as wages for tax purposes was \$30 during fiscal year 2002 and 2001 for all locations except for the following:

<u>Location*</u>	<u>Per diem rate effective* January 1, 2000 - September 30, 2000</u>	<u>Per diem rate effective* October 1, 2000 - September 30, 2001</u>	<u>Per diem rate effective* October 1, 2001 - September 30, 2002</u>	<u>Per diem rate effective* October 1, 2002 - September 30 2003</u>
Berkeley Springs	\$34.00	\$34.00	\$34.00	\$38.00
Charleston	\$38.00	\$38.00	\$38.00	\$42.00
Martinsburg/ Hedgeville	\$30.00	\$30.00	\$30.00	\$34.00
Morgantown	\$34.00	\$34.00	\$34.00	\$38.00
Shepherdstown	\$38.00	\$38.00	\$38.00	\$38.00
Wheeling	\$34.00	\$34.00	\$34.00	\$38.00

*Obtained from the Internal Revenue Service Publication 1542 - Per Diem Rates (For Travel Within the Continental United States)

According to the Accounting Clerk who reviews travel vouchers and supporting documents, reimbursements were generally \$35.00 in-state and \$50.00 out-of-state regardless of actual meal expenses incurred by a traveler. In effect, the policy paid travelers a per diem for meals; however, this practice conflicted with The Higher Education Policy Commission Travel Bulletin #9, which states in part:

“...Effective August 1, 1999, travelers will be reimbursed actual expenses up to a maximum of \$35.00 a day...” (Emphasis Added)

We recommend the HEPC comply with Internal Revenue Service Publication 1542 - Per Diem Rates (For Travel Within the Continental United States) and HEPC’s Travel Bulletin #9.

Commission’s Response

We disagree that the HEPC is paying employees a per diem for ‘in’ and ‘out’ of state travel. Actual reimbursements to a higher education employee are not to exceed the

maximum amount established by the commission or governing board which was and currently is, up to \$35 for in state travel and \$50 for out of state travel per day. In most cases, actual expenses exceed the maximum and therefore you have the maximum amount claimed for reimbursement. That does not indicate that it is a per diem rate and subject to IRS regulations.

Equipment Inventory

During our test of 35 items included in the HEPC’s equipment inventory, we were unable to locate one Multi-Media Computer with keyboard and monitor purchased for \$2,182.00 which was recorded on the Higher Education Policy Commission’s inventory listing. We also noted eleven computers with a total purchase price of \$22,539.00 were not at the specified locations shown on the HEPC’s equipment inventory sheet as detailed in the table below:

<u>Item Description</u>	<u>Serial #</u>	<u>State ID Tag #</u>	<u>Location Per Inventory Listing</u>	<u>Actual Location</u>
Dell Optiplex GX400 Computer	3SNZS01	002206	6 th Floor, Rm 606	6 th Floor, Rm 604
Dell Optiplex GX400 Computer	6STZS01	002212	9 th Floor, Rm 901	7 th Floor
Dell Optiplex GX400 Computer	9BQWK01	002007	5 th Floor, Rm 510	10 th Floor
Dell Optiplex GX400 Computer	4BQWK01	002009	5 th Floor, Rm 507	10 th Floor
Dell Optiplex GX400 Computer	1CQWK01	002011	5 th Floor, Rm 512	10 th Floor
Dell Optiplex GX400 Computer	CBQWK01	002013	7 th Floor, Rm 713B	11 th Floor
Dell Optiplex GX400 Computer	H8QWK01	002022	11 th Floor, Rm 1109	5 th Floor
Dell Optiplex GX400 Computer	39QWK01	002023	11 th Floor, Rm 1110	5 th Floor
Dell Notebook Computer	TW03J010129 6125A2151	002339	8 th Floor, Rm 803	5 th Floor Rm 502
Dell Optiplex GX400 Computer	6BQWK01	002008	8 th Floor, Rm 804	11 th Floor
Dell Optiplex GX400 Computer	BSNZS01	002216	9 th Floor, Rm 902	7 th Floor

State College and University Systems of West Virginia Purchasing Procedures

Manual states in part:

“ . . . 9.2.3. At a minimum, the inventory procedures and inventory management system developed by the Chief Procurement Officer shall:

- a. Account for all equipment and furnishings with a value at the time of purchase of \$1,000 or more per unit;
- b. Establish a procedure to number and tag all equipment and furnishings required to be inventoried;
- c. Identify the date of acquisition, model number and serial number, if applicable;
- d. Provide a short physical description;
- e. Identify the cost of acquisition, including shipping and installation costs;
- f. **Record the location of equipment or furnishings; i.e., the department, or the building and room number;**
- g. Provide the purchase order number and account number(s) used to pay for the purchase; and
- h. **When retired, indicate the retirement date, method of retirements and disposal price, if applicable....”
(Emphasis Added)**

A lack of control over the safeguarding of equipment could result in theft or unauthorized use of the equipment. According to the Contract Specialist in charge of equipment inventory, the missing computer was likely sent to the Surplus Property Division of the Department of Administration; however, the HEPC was unable to provide any documentation to support the retirement. The Contract Specialist also said that the HEPC’s inventory listing had not been updated since the recent reassignment of office space at the Higher Education Policy Commission.

We recommend the HEPC comply with Section 9.2.3 of the State College and University Systems of West Virginia Purchasing Procedures Manual.

Commission's Response

We agree that proper documentation should be available detailing the actual whereabouts of the equipment in question. The one piece of missing equipment is under investigation. As for the discrepancies location of certain assets, due to budget reductions and staff reductions, space consolidations of divisions occurred. Staff and equipment have been relocated. These consolidations and relocations actually took place during the time frame when your audit team was on site. Inventory records will be updated to accurately reflect the locations of assets of HEPC.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the Higher Education Policy Commission of West Virginia for the years ended June 30, 2002 and June 30, 2001. The financial statement is the responsibility of the management of the Higher Education Policy Commission of West Virginia. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the financial statement was prepared on the cash and modified cash bases of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid of the Higher Education Policy Commission of West Virginia for the years ended June 30, 2002 and June 30, 2001, on the bases of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,


Theodor L. Shanklin, CPA, Director
Legislative Post Audit Division

April 20, 2004

Auditors: Michael E. Sizemore, CPA, Supervisor
Stanley D. Lynch, CPA, Auditor-in-Charge
Charles L. Lunsford
Trenton W. Morton

**HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS/CASH RECEIPTS,
EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES**

	YEAR ENDED JUNE 30, 2002		
	General Revenue	Lottery Funds	Special Revenue
Appropriations/Cash Receipts:			
Appropriations	\$2,973,750.00	\$21,801,865.00	\$ 0.00
Appropriation Transfers	(31,554.00)	0.00	0.00
Transfer from the Secretary of Education and the Arts - Account 3501	0.00	0.00	135,864.30
Transfer from the Education Improvement Fund - Account 4295-402	0.00	0.00	5,500,000.00
Transfer from Lottery Education - Secretary of Education and the Arts - Account 3508-096	0.00	0.00	7,816,041.00
Repayment of Scholarships	0.00	0.00	181,937.63
Other Collections, Fees, Licenses and Income	0.00	0.00	282,972.51
Tuition and Fees	0.00	0.00	4,890,762.40
Tuition Reimbursement	0.00	0.00	0.00
Transfers from Various Institutions for Debt Service	0.00	0.00	21,604,975.69
Transfer from Governing Boards and Other Statutory Transfers	0.00	0.00	2,932,365.77
Transfer from Marshall University Medical School Other Student Fees - Account 4249	0.00	0.00	0.00
Operating Fees Transfer	0.00	0.00	0.00
Grant Refunds	0.00	0.00	0.00
Bureau of Employment Programs Federal Grant for Jobs Training Partnership Act - Account 8749	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Other Collections, Fees, Licenses and Income	0.00	0.00	0.00
Non-Federal Grants	0.00	0.00	0.00
Clearing-Special Revenues	0.00	0.00	0.00
Interest Earnings	0.00	0.00	805,762.00
	<u>2,942,196.00</u>	<u>21,801,865.00</u>	<u>44,150,681.30</u>
Expenditures/Disbursements:			
Personal Services	2,230,929.21	238,737.26	566,276.02
Employee Benefits	478,038.01	54,094.29	126,850.18
Current Expenses	155,425.45	113,118.49	2,934,349.07
Repairs and Alterations	58.00	0.00	133,640.76
Equipment	75,822.41	4,199.00	87,562.05
Scholarships	174,891.52	20,557,596.66	1,889,638.09
Other Interest and Penalties	25.80	263,000.00	0.00
Debt Service	0.00	0.00	20,632,733.00
Bond Sale Costs	0.00	0.00	0.00
Transfer of Funds to WVNET, Various Colleges and Universities	0.00	0.00	3,537,747.49
Transfer to the Investment Management Board	0.00	0.00	409,003.33
Refunds and Miscellaneous	0.00	0.00	24,010.77
	<u>3,115,190.40</u>	<u>21,230,745.70</u>	<u>30,341,810.76</u>
Appropriations/Cash Receipts (Under)/Over Expenditures Disbursements	(172,994.40)	571,119.30	13,808,870.54
Expirations and Expenditures After June 30	0.00	0.00	0.00
Transfers (Out)/In	0.00	0.00	(18,018.04)
Beginning Balance	<u>322,474.50</u>	<u>957,574.29</u>	<u>12,689,945.79</u>
Ending Balance	<u>\$ 149,480.10</u>	<u>\$ 1,528,693.59</u>	<u>\$26,480,798.29</u>

See Notes to Financial Statement

YEAR ENDED JUNE 30, 2001

<u>Federal Funds</u>	<u>Combined Totals</u>	<u>General Revenue</u>	<u>Lottery Funds</u>	<u>Special Revenue</u>	<u>Federal Funds</u>	<u>Combined Totals</u>
\$ 0.00	\$24,775,615.00	\$3,629,991.00	\$17,473,500.00	\$ 0.00	\$ 0.00	\$21,103,491.00
0.00	(31,554.00)	0.00	0.00	0.00	0.00	0.00
0.00	135,864.30	0.00	0.00	0.00	0.00	0.00
0.00	5,500,000.00	0.00	0.00	0.00	0.00	0.00
0.00	7,816,041.00	0.00	0.00	0.00	0.00	0.00
0.00	181,937.63	0.00	0.00	201,763.17	0.00	201,763.17
0.00	282,972.51	0.00	0.00	0.00	0.00	0.00
0.00	4,890,762.40	0.00	0.00	20,566,515.43	0.00	20,566,515.43
0.00	0.00	0.00	0.00	588.30	0.00	588.30
0.00	21,604,975.69	0.00	0.00	7,128,946.20	0.00	7,128,946.20
0.00	2,932,365.77	0.00	0.00	111,889.00	0.00	111,889.00
0.00	0.00	0.00	0.00	134,619.35	0.00	134,619.35
0.00	0.00	0.00	0.00	1,240.00	0.00	1,240.00
0.00	0.00	0.00	0.00	1,514.00	0.00	1,514.00
0.00	0.00	0.00	0.00	763,024.74	0.00	763,024.74
3,491,476.94	3,491,476.94	0.00	0.00	0.00	3,458,457.02	3,458,457.02
0.00	0.00	0.00	0.00	116,175.04	178,874.59	295,049.63
0.00	0.00	0.00	0.00	0.00	44,218.94	44,218.94
1,500.00	1,500.00	0.00	0.00	0.00	0.00	0.00
<u>69,667.44</u>	<u>875,429.44</u>	<u>0.00</u>	<u>0.00</u>	<u>1,990,709.86</u>	<u>125,612.89</u>	<u>2,116,322.75</u>
3,562,644.38	72,457,386.68	3,629,991.00	17,473,500.00	31,016,985.09	3,807,163.44	55,927,639.53
390,826.19	3,426,768.68	1,915,576.16	217,639.83	702,906.16	271,373.22	3,107,495.37
108,446.47	767,428.95	493,165.06	44,661.57	128,760.68	100,679.35	767,266.66
712,411.89	3,915,304.90	577,561.47	98,499.94	2,364,292.25	731,426.10	3,771,779.76
167.70	133,866.46	1,253.00	175.00	5,866.99	718.00	8,012.99
22,914.00	190,497.46	204,116.18	10,601.95	990,634.95	189,106.31	1,394,459.39
716,492.90	23,338,619.17	650,158.00	15,845,685.05	4,227,139.00	2,383,509.43	23,106,491.48
0.00	263,025.80	0.00	0.00	0.00	0.00	0.00
0.00	20,632,733.00	0.00	0.00	12,922,546.00	0.00	12,922,546.00
0.00	0.00	0.00	0.00	62,002.00	0.00	62,002.00
1,713,952.49	5,251,699.98	0.00	0.00	0.00	0.00	0.00
0.00	409,003.33	0.00	0.00	0.00	0.00	0.00
<u>6,741.41</u>	<u>30,752.18</u>	<u>0.00</u>	<u>0.00</u>	<u>2,442.78</u>	<u>0.00</u>	<u>2,442.78</u>
<u>3,671,953.05</u>	<u>58,359,699.91</u>	<u>3,841,829.87</u>	<u>17,222,279.39</u>	<u>30,319,192.85</u>	<u>5,354,984.49</u>	<u>56,738,286.60</u>
(109,308.67)	14,097,686.77	(211,838.87)	251,220.61	697,792.24	(1,547,821.05)	(810,647.07)
0.00	0.00	0.00	0.00	0.00	0.00	0.00
18,018.04	0.00	0.00	(148,500.00)	(1,651,500.00)	1,800,000.00	0.00
<u>1,340,343.65</u>	<u>15,310,338.23</u>	<u>534,313.37</u>	<u>854,853.68</u>	<u>13,643,653.55</u>	<u>1,088,164.70</u>	<u>16,120,985.30</u>
<u>\$1,249,053.02</u>	<u>\$29,408,025.00</u>	<u>\$ 322,474.50</u>	<u>\$ 957,574.29</u>	<u>\$12,689,945.79</u>	<u>\$1,340,343.65</u>	<u>\$15,310,338.23</u>

HIGHER EDUCATION POLICY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note A - Accounting Policies

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the year end, however, appropriations for buildings or land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Expenditures paid after June 30 in the carry-over period and expirations were as follows:

	<u>Expenditures Paid After</u>		<u>Expirations</u>	
	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>July 31, 2002</u>	<u>July 31, 2001</u>
Personal Services	\$0.00	\$0.00	\$0.00	\$0.00
Annual Increment	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Unclassified	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Combined Totals: The combined totals contain the totals of similar accounts of the various funds which are restricted by various laws, rules and regulations, the totaling of the accounts is for memorandum purposes only and does not indicate that the combined totals are available in any manner other than that provided by such laws, rules and regulations.

Note B - Bonds

The State University System and the State College System Bonds are obligations of the West Virginia Higher Education Policy Commission. The Commission assumed the obligations for these bonds by virtue of Senate Bill 653 (S.B. 653), which was enacted by the West Virginia Legislature on March 19, 2000. S.B. 653 abolished the Board of Trustees of the University System of West Virginia and the Board of Directors of the State College System of West Virginia effective June 30, 2000.

All bonds were issued under the provisions of the West Virginia Code of 1931, as amended, and supplemented by Chapters 18 and 25 and all other provisions of law. These bonds are summarized as follows:

University System Series 1992 Bonds:

The Series 1992 Bonds were issued in December 1992 for the original principle amount of \$101,505,000. The Series 1992 bonds, with varying rates up to 6% per annum, mature serially through April 2007 with term bonds which have mandatory sinking fund redemptions due April 2008 through April 2012.

A portion of the proceeds of the Series 1992 Bonds was used to provide monies for use to refund and defease all outstanding West Virginia Board of Regents State System Tuition Fee Revenue Bonds and to provide for the payment of costs of issuing the Series 1992 Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$5,320,000.00	\$ 3,637,263.00
2005	5,630,000.00	3,331,362.00
2006	5,960,000.00	3,000,600.00
2007	6,315,000.00	2,643,000.00
2008	6,695,000.00	2,264,100.00
2009	7,095,000.00	1,862,400.00
2010	7,520,000.00	1,436,700.00
2011	7,975,000.00	985,500.00
2012	<u>8,450,000.00</u>	<u>507,000.00</u>
TOTALS	<u>\$60,960,000.00</u>	<u>\$19,667,925.00</u>

University System Series 1996 Bonds:

The Series 1996 bonds were issued March 1996 for the original principle amount of \$15,000,000. The Series 1996 bonds, with varying rates up to 5.75% per annum, mature serially through April 2010 with term bonds which have mandatory sinking fund redemptions due April 2010 through April 2016. The Series 1996 Bonds constitute the second series of bonds issued and secured under the General Resolution.

The Series 1996 Bonds were issued for the purpose of providing for a portion of the costs of design, acquisition, construction and equipping of a new library/information center on the Marshall University campus and to pay the costs of issuance of the Series 1996 Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ 630,000.00	\$ 626,245.00
2005	660,000.00	595,376.00
2006	690,000.00	562,375.00
2007	725,000.00	527,185.00
2008	765,000.00	489,485.00
2009	805,000.00	448,175.00
2010	850,000.00	403,900.00
2011	900,000.00	356,300.00
2012	950,000.00	305,900.00
2013	1,005,000.00	251,275.00
2014	1,060,000.00	193,487.00
2015	1,120,000.00	132,538.00
2016	<u>1,185,000.00</u>	<u>68,138.00</u>
TOTALS	<u>\$11,345,000.00</u>	<u>\$4,960,380.00</u>

University System 1997 Series A Bonds:

The Series 1997 bonds were issued November 1997 for the original principle amount of \$12,610,000. The Series 1997 bonds, with varying rates up to 5.25% per annum, mature serially through April 2010 with term bonds which have mandatory sinking fund redemptions due April 2011 through April 2027. The 1997 Series A Bonds constitute the third series of bonds issued and secured under the General Resolution.

The Series A 1997 Bonds were issued for the purpose of financing a portion of the costs of design, acquisition, construction and equipping of certain new facilities for the University System (the University Projects) and to pay a portion of costs of issuance of the 1997 Series A Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ 255,000.00	\$ 578,037.00
2005	270,000.00	566,563.00
2006	280,000.00	554,142.00
2007	295,000.00	540,983.00
2008	310,000.00	527,117.00
2009	325,000.00	512,238.00
2010	340,000.00	496,312.00
2011	355,000.00	479,313.00
2012	375,000.00	460,675.00
2013	395,000.00	440,987.00
2014	415,000.00	420,250.00
2015	435,000.00	398,981.00
2016	460,000.00	376,688.00
2017	480,000.00	353,112.00
2018	505,000.00	328,513.00
2019	530,000.00	302,631.00
2020	560,000.00	275,469.00
2021	590,000.00	246,769.00
2022	620,000.00	216,531.00
2023	650,000.00	184,756.00
2024	685,000.00	151,444.00
2025	720,000.00	116,337.00
2026	755,000.00	79,438.00
2027	<u>795,000.00</u>	<u>40,744.00</u>
TOTAL	<u>\$11,400,000.00</u>	<u>\$8,648,030.00</u>

University System 1998 Series A Bonds:

The Series A 1998 Bonds were issued May 1998 for the original principle amount of \$55,025,000. The Series A Bonds, with varying rates up to 5.25% per annum, mature serially commencing April 2013 through April 2020 with term bonds which have mandatory sinking fund redemptions due April 2021 through April 2028. The 1998 Series A Bonds constitute the fourth series of bonds issued and secured under the General Resolution.

The Series A 1998 Bonds were issued for the purpose of financing a portion of the costs of design, acquisition, construction and equipping of certain new Life Sciences Building and improvements to several existing facilities on the campus fo West Virginia University and to pay a portion of costs of issuance of the 1998 Series A Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ 1,065,000.00	\$ 2,753,435.00
2005	1,110,000.00	2,706,575.00
2006	1,160,000.00	2,656,625.00
2007	1,210,000.00	2,604,425.00
2008	1,275,000.00	2,543,925.00
2009	1,335,000.00	2,480,175.00
2010	1,405,000.00	2,410,088.00
2011	1,485,000.00	2,332,813.00
2012	1,565,000.00	2,251,138.00
2013	1,650,000.00	2,165,063.00
2014	1,740,000.00	2,074,313.00
2015	1,840,000.00	1,978,613.00
2016	1,940,000.00	1,877,413.00
2017	2,045,000.00	1,770,713.00
2018	2,160,000.00	1,658,238.00
2019	2,275,000.00	1,539,438.00
2020	2,400,000.00	1,414,313.00
2021	2,535,000.00	1,282,313.00

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2022	2,670,000.00	1,149,225.00
2023	2,810,000.00	1,009,050.00
2024	2,955,000.00	861,525.00
2025	3,110,000.00	706,388.00
2026	3,275,000.00	543,113.00
2027	3,445,000.00	371,175.00
2028	<u>3,625,000.00</u>	<u>190,313.00</u>
TOTALS	<u>\$52,085,000.00</u>	<u>\$43,330,405.00</u>

University System 2000 Series A and Series B Bonds:

In June 2000, the 2000 Series A and Series B Bonds were simultaneously issued with original principle amounts of \$36,590,868.00. The Series A Bonds, with varying rates of 5.82% to 6.26% per annum, mature serially commencing April 1, 2013 through April 2031. The 2000 Series A Bonds were issued for the purpose of financing a portion of the costs of design, acquisition, construction and equipping of and certain renovations, upgrades, repairs and improvements to several existing facilities on the campus of West Virginia University in Morgantown, West Virginia University at Parkersburg, and Potomac State College of West Virginia University, and to pay costs relating to the issuance of the 2000 Series A Bonds.

The Series B 2000 Bonds were simultaneously issued in the original principle amount of \$9,360,000 with rates of 5.25% to 5.96%, consisting of serial bonds of \$2,390,000, which mature commencing April 1, 2001 through April 2010 and term bonds of \$3,995,000 and \$3,015,000, due April 2020 and April 2025, respectively, which have mandatory sinking fund redemptions commencing April 1, 2011. The series B Bonds were issued for the purpose of financing the acquisition of a portion of Marshall University Medical Center, located in Huntington, West Virginia, and to pay costs relating to the issuance of the 2000 Series B Bonds.

A summary of annual aggregate principle and interest payments for the Series A and Series B 2000 bonds, for years subsequent to June 30, 2003, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>2000 Series A</u>		<u>2000 Series B</u>	
	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ -0-	\$ -0-	\$ 210,000.00	\$ 502,663.00
2005	-0-	-0-	220,000.00	491,638.00
2006	-0-	-0-	230,000.00	480,088.00

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>2000 Series A</u>		<u>2000 Series B</u>	
	<u>Principle Payments</u>	<u>Interest Due</u> <u>(April 1 and</u> <u>October 1)</u>	<u>Principle</u> <u>Payments</u>	<u>Interest Due</u> <u>(April 1 and</u> <u>October 1)</u>
2007	-0-	-0-	245,000.00	467,438.00
2008	-0-	-0-	225,000.00	454,575.00
2009	-0-	-0-	270,000.00	441,188.00
2010	-0-	-0-	285,000.00	426,338.00
2011	-0-	-0-	300,000.00	410,663.00
2012	-0-	-0-	320,000.00	392,663.00
2013	3,263,864.00	3,536,136.00	335,000.00	373,463.00
2014	3,057,212.00	3,742,788.00	360,000.00	353,363.00
2015	2,860,284.00	3,939,716.00	380,000.00	331,763.00
2016	2,677,024.00	4,122,976.00	400,000.00	308,963.00
2017	2,503,148.00	4,296,852.00	425,000.00	284,963.00
2018	2,338,248.00	4,461,752.00	450,000.00	259,463.00
2019	2,186,064.00	4,613,936.00	480,000.00	232,463.00
2020	2,046,188.00	4,753,812.00	505,000.00	203,663.00
2021	1,914,064.00	4,885,936.00	540,000.00	173,363.00
2022	1,797,104.00	5,002,896.00	570,000.00	142,313.00
2023	1,686,944.00	5,113,056.00	600,000.00	109,538.00
2024	1,583,176.00	5,216,824.00	635,000.00	75,038.00
2025	1,485,528.00	5,314,472.00	670,000.00	38,525.00
2026	1,397,128.00	5,402,872.00	-0-	-0-
2027	1,310,564.00	5,489,436.00	-0-	-0-
2028	1,229,168.00	5,570,832.00	-0-	-0-
2029	1,152,600.00	5,647,400.00	-0-	-0-
2030	1,083,648.00	5,716,352.00	-0-	-0-
2031	<u>1,018,912.00</u>	<u>5,781,088.00</u>	<u>-0-</u>	<u>-0-</u>
TOTALS	<u>\$36,590,868.00</u>	<u>\$92,609,132.00</u>	<u>\$8,655,000.00</u>	<u>\$6,954,135.00</u>

State College System Series 1992 Bonds:

The Series 1992 Bonds were issued in December 1992 for the original principle amount of \$46,825,000. The Series 1992 bonds, with varying rates up to 6% per annum, mature serially through April 2007 with term bonds which have mandatory sinking fund redemptions due April 2008 through April 2012.

A portion of the proceeds of the Series 1992 Bonds was used to provide monies for use to refund and defease all outstanding West Virginia Board of Regents State System Tuition Fee Revenue Bonds and to provide for the payment of costs of issuing the Series 1992 Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ 3,065,000.00	\$1,291,350.00
2005	2,150,000.00	1,115,113.00
2006	2,245,000.00	988,800.00
2007	2,340,000.00	854,100.00
2008	2,445,000.00	713,700.00
2009	2,560,000.00	567,000.00
2010	2,675,000.00	413,400.00
2011	2,800,000.00	252,900.00
2012	<u>1,415,000.00</u>	<u>84,900.00</u>
TOTALS	<u>\$21,695,000.00</u>	<u>\$6,281,263.00</u>

State College System 1997 Series A Bonds:

The Series 1997 bonds were issued November 1997 for the original principle amount of \$9,920,000. The Series 1997 bonds, with varying rates up to 5.25% per annum, mature serially through April 2010 with term bonds which have mandatory sinking fund redemptions due April 2011 through April 2027. The 1997 Series A Bonds constitute the third series of bonds issued and secured under the General Resolution.

The Series A 1997 Bonds were issued for the purpose of financing a portion of the costs of design, acquisition, construction and equipping of certain new facilities for the State College System and to pay a portion of costs of issuance of the 1997 Series A Bonds.

A summary of annual aggregate principle and interest payments for years subsequent to June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle Payments</u>	<u>Interest Due (April 1 and October 1)</u>
2004	\$ 200,000.00	\$ 454,106.00
2005	210,000.00	445,106.00
2006	220,000.00	435,447.00
2007	230,000.00	425,106.00
2008	240,000.00	414,296.00
2009	255,000.00	402,776.00
2010	265,000.00	390,282.00
2011	285,000.00	377,031.00
2012	295,000.00	362,069.00
2013	310,000.00	346,581.00
2014	325,000.00	330,306.00
2015	340,000.00	313,650.00
2016	360,000.00	296,225.00
2017	380,000.00	277,775.00
2018	400,000.00	258,300.00
2019	420,000.00	237,800.00
2020	440,000.00	216,275.00
2021	460,000.00	193,725.00
2022	485,000.00	170,150.00
2023	515,000.00	145,294.00
2024	535,000.00	118,900.00
2025	565,000.00	91,481.00
2026	595,000.00	62,525.00
2027	<u>625,000.00</u>	<u>32,032.00</u>
TOTALS	<u>\$8,955,000.00</u>	<u>\$46,797,238.00</u>

Note C - Pension Plan

All eligible employees are members of the West Virginia Teachers' Retirement System or the Teachers' Insurance Annuity Association. Certain eligible employees belonging to the West Virginia State Teachers' Retirement System may also belong to the Teachers' Insurance Annuity Association.

For the West Virginia State Teachers' Retirement System employees' contribution are 6.0% of their compensation and employees are vested under certain circumstances. The aggregate of the University's contributions shall be the following percentages of the earned compensation of the members fiscal year 2001 - 15% and fiscal year 2002 - 15%.

For the Teachers' Insurance Annuity Association, employees' contributions are either 6.0% or 7.5% of their compensation and employees are vested under certain circumstances. Contributions by the Higher Education Policy Commission are also either 6.0% of 7.5% of the compensation on which the employee made contributions.

Contributions to the pension and retirement plans were as follows:

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
General Revenue	\$159,853.17	\$149,050.54
Special Revenue	53,117.53	70,498.26
Federal Revenue	<u>18,458.80</u>	<u>32,948.05</u>
TOTALS	<u>\$231,429.50</u>	<u>\$252,496.85</u>

SUPPLEMENTAL INFORMATION

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration</u>		
<u>Unclassified - Account 0589-099</u>		
Appropriations:	\$2,725,667.00	\$0.00
Expenditures:		
Personal Services	2,102,881.60	0.00
Employee Benefits	453,439.21	0.00
Current Expenses	97,595.07	0.00
Repairs and Alterations	58.00	0.00
Equipment	71,667.32	0.00
Other Interest and Penalties	25.80	0.00
	<u>2,725,667.00</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration -</u>		
<u>Tuition Contract Program - Account 0589-165</u>		
Reappropriations - Fiscal Year 2001	\$96,666.43	\$0.00
Reappropriations - Fiscal Year 2000	65,425.09	0.00
Reappropriations - Fiscal Year 1999	<u>27,200.00</u>	<u>0.00</u>
	189,291.52	0.00
Expenditures:		
Grants, Awards, Scholarship and Loans	<u>174,891.52</u>	<u>0.00</u>
	14,400.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$14,400.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration -</u>		
<u>West Virginia Council for Community and Technical</u>		
<u>Education - Account 0589-392</u>		
Appropriations:	\$234,648.00	\$0.00
Expenditures:		
Personal Services	128,047.61	0.00
Employee Benefits	24,598.80	0.00
Current Expenses	<u>6,235.98</u>	<u>0.00</u>
	<u>158,882.39</u>	<u>0.00</u>
	75,765.61	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 75,765.61</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration -</u>		
<u>Higher Education Technology Initiative -</u>		
<u>Surplus - Account 0589-508</u>		
Reappropriations - Fiscal Year 1997	\$2,815.09	\$0.00
Expenditures:		
Equipment	<u>2,815.09</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration -</u>		
<u>Brim Premium - Account 0589-913</u>		
Appropriations:	\$13,435.00	\$0.00
Expenditures:		
Current Expenses	<u>13,435.00</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health</u>		
<u>Sciences - Primary Health Education Program</u>		
<u>Support - Account 0590-177</u>		
Reappropriations - Fiscal Year 2001	\$16,018.26	\$0.00
Reappropriations - Fiscal Year 2000	31,095.85	0.00
Reappropriations - Fiscal Year 1999	14,198.50	0.00
Appropriation Transfers:		
Fiscal Year 2000 Transfer to West Virginia University		
Medical School Account - Account 0343-177	(23,061.00)	0.00
Fiscal Year 1999 Transfer to Marshall University		
Medical School Account - Account 0347-177	<u>(8,493.00)</u>	<u>0.00</u>
	29,758.61	0.00
Expenditures:		
Current Expenses	<u>13,231.54</u>	<u>0.00</u>
	16,527.07	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$16,527.07</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health</u>		
<u>Sciences - Correctional Telemedicine Project -</u>		
<u>Account 0590-406</u>		
Reappropriations - Fiscal Year 2000	\$64,127.00	\$0.00
Expenditures:		
Current Expenses	23,044.31	0.00
Assets (Equipment)	<u>1,340.00</u>	<u>0.00</u>
	<u>24,384.31</u>	<u>0.00</u>
	39,742.69	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$39,742.69</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health Sciences - Rural Health Initiative Site Support Program - Account 0590-853</u>		
Reappropriations - Fiscal Year 2001	\$4,928.28	\$0.00
Expenditures:		
Current Expenses	<u>1,883.55</u>	<u>0.00</u>
	3,044.73	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$3,044.73</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>Public Employees' Insurance Matching Account 0333-012</u>		
Appropriations:	\$0.00	\$5,012.00
Expenditures:		
Employee Benefits	<u>0.00</u>	<u>5,012.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>Unclassified Account 0333-099</u>		
Appropriations:	\$0.00	\$1,466,543.00
Expenditures:		
Personal Services	0.00	1,088,316.11
Employee Benefits	0.00	258,766.84
Current Expenses	<u>0.00</u>	<u>119,460.05</u>
	<u>0.00</u>	<u>1,466,543.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>Tuition Contract Program - Account 0333-165</u>		
Appropriations	\$0.00	\$749,552.00
Reappropriations - Fiscal Year 2000	0.00	65,425.09
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>27,200.00</u>
	0.00	842,177.09
Expenditures:		
Personal Services	0.00	1,752.86
Employees Benefits	0.00	457.75
Current Expenses	0.00	516.96
Grants, Awards, Scholarship and Loans	<u>0.00</u>	<u>650,158.00</u>
	<u>0.00</u>	<u>652,885.57</u>
	0.00	189,291.52
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$189,291.52</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>Higher Education Technology Initiative-Surplus</u>		
<u>Account 0333-508</u>		
Reappropriations - Fiscal Year 1997	\$0.00	\$202,815.09
Expenditures:		
Current Expenses	0.00	100,000.00
Assets (Equipment)	<u>0.00</u>	<u>100,000.00</u>
	<u>0.00</u>	<u>200,000.00</u>
	0.00	2,815.09
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 2,815.09</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>Strategic Planning & Compliance Account - 0333-772</u>		
Appropriations:	\$0.00	\$47,665.00
Expenditures:		
Current Expenses	<u>0.00</u>	<u>47,665.00</u>
	<u>0.00</u>	<u>0.00</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and University System -</u>		
<u>Board of Trustees and Board of Directors Fund -</u>		
<u>BRIM Premium Account - 0333-913</u>		
Appropriations:	\$0.00	\$14,609.00
Expenditures:		
Current Expenses	<u>0.00</u>	<u>14,609.00</u>
	<u>0.00</u>	<u>0.00</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees</u>		
<u>Board of Trustee's University System Control</u>		
<u>Account - Unclassified - Account 0327-099</u>		
Appropriations:	\$0.00	\$727,592.00
Expenditures:		
Personal Services	0.00	490,031.27
Employee Benefits	0.00	128,613.12
Current Expenses	0.00	107,865.07
Repairs and Alterations	0.00	503.00
Assests (Equipment)	<u>0.00</u>	<u>579.54</u>
	<u>0.00</u>	<u>727,592.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees</u>		
<u>Board of Trustees University System Control Account</u>		
<u>Strategic Plan and Compliance - Institutions -</u>		
<u>Total - Account 0327-772</u>		
Appropriations:	\$0.00	\$22,430.00
Expenditures:		
Current Expenses	<u>0.00</u>	<u>22,430.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - University</u>		
<u>System Health Sciences Account Fund - Primary</u>		
<u>Health Education Program Support - Account 0323-177</u>		
Appropriations	\$0.00	\$20,191.00
Reappropriations - Fiscal Year 2000	0.00	37,756.03
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>14,198.50</u>
	0.00	72,145.53
 Expenditures:		
Current Expenses	<u>0.00</u>	<u>10,832.92</u>
	0.00	61,312.61
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$0.00</u>	<u>\$61,312.61</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - University</u>		
<u>System Health Sciences Account Fund - Rural</u>		
<u>Health Initiative Site Support - Account 0323-295</u>		
Reappropriations - Fiscal Year 1992	\$0.00	\$1,716.66
Expenditures:	.	
Current Expenses	<u>0.00</u>	<u>1,716.66</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - University System</u>		
<u>Health Sciences Account Fund - Correctional -</u>		
<u>Telemedicine Project - Account 0323-406</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$185,202.00
Expenditures:		
Current Expenses	0.00	24,000.00
Assets (Equipment)	<u>0.00</u>	<u>97,075.00</u>
	0.00	<u>121,075.00</u>
	0.00	64,127.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 64,127.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health Sciences -</u>		
<u>Rural Health Initiative Site Support Program -</u>		
<u>Account 0323-853</u>		
Appropriations:	\$0.00	\$46,185.00
Expenditures:		
Personal Services	0.00	1,237.50
Employee Benefits	0.00	418.41
Current Expenses	0.00	39,421.54
Assets (Equipment)	0.00	179.27
	<u>0.00</u>	<u>41,256.72</u>
	0.00	4,928.28
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 4,928.28</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors - Board of Directors</u>		
<u>State College System Fund - Unclassified - Account 0330-096</u>		
Appropriations:	\$0.00	\$515,172.00
Expenditures:		
Personal Services	0.00	334,238.42
Employee Benefits	0.00	99,896.94
Current Expenses	0.00	74,008.43
Repairs and Alterations	0.00	750.00
Assests (Equipment)	<u>0.00</u>	<u>6,278.21</u>
	<u>0.00</u>	<u>515,172.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors - Board of Directors</u>		
<u>State College System Fund - Strategic Plan and Compliance</u>		
<u>Institutions - Total - Account 0330-772</u>		
Appropriations:	\$0.00	\$15,040.00
Expenditures:		
Current Expenses	0.00	15,035.84
Assets and Equipment	<u>0.00</u>	<u>4.16</u>
	<u>0.00</u>	<u>15,040.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission Administration -</u>		
<u>Higher Education Resource Fees - Account 4921-099</u>		
Cash Receipts:		
Transfer from the Central Office State College and University System - Combined System HERF Allocations Fund - Account 4051	\$360,742.66	\$0.00
Transfer from the Higher Education Resource Fees Account - Account 4901	350,000.00	0.00
Interest Earnings	<u>12,270.62</u>	<u>0.00</u>
	723,013.28	0.00
Disbursements:		
Employee Benefits	1,429.92	0.00
Current Expenses	602,873.60	0.00
Repairs and Alterations	3,971.65	0.00
Assets (Equipment)	43,645.90	0.00
Other Disbursements	<u>33.77</u>	<u>0.00</u>
	<u>651,954.84</u>	<u>0.00</u>
Cash Receipts Over Disbursements	71,058.44	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 71,058.44</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Underwood/Smith Scholarship Program - Account 4922-099</u>		
Cash Receipts:		
Transfer from the Central Office State College and University System - Underwood/Smith Scholarship Program Program - Account 4052	\$149,065.54	\$0.00
Repayment of Scholarships	82,606.59	
Interest Earnings	<u>6,840.83</u>	<u>0.00</u>
	238,512.96	0.00
Disbursements:		
Grants, Awards, Scholarships, and Loans	<u>88,159.00</u>	<u>0.00</u>
Cash Receipts Over Disbursements	150,353.96	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$150,353.96</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Eminent Scholars Program - Account 4923-099</u>		
Cash Receipts:		
Transfer from the Central Office State College and University System - Eminent Scholars Program Fund - Account 4054	\$1,312,196.31	\$0.00
Interest Earnings	<u>(10,527.95)</u>	<u>0.00</u>
	1,301,668.36	0.00
Disbursements:		
Grants, Awards, Scholarships, and Loans	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over Disbursements	1,301,668.36	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$1,301,668.36</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Jobs Training Partnership Act - Account 4924-099</u>		
Cash Receipts:		
Transfer from the Central Office State College and University System - Account 4285	\$37,062.74	\$0.00
Other Collections, Fees, Licenses and Income	<u>1,369.00</u>	<u>0.00</u>
	38,431.74	0.00
Disbursements:		
Personal Services	10,415.00	0.00
Employee Benefits	3,329.69	0.00
Current Expenses	1,499.14	0.00
Transfer to West Virginia University Institute of Technology	1,748.77	0.00
Refunds	<u>(21,439.14)</u>	<u>0.00</u>
	<u>38,431.74</u>	<u>0.00</u>
Cash Receipts Over Disbursements	0.00	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Promise Scholarship Fund - Account 4296-099</u>		
Cash Receipts:		
Transfer from the Education Improvement Fund - Account 4295-402	\$5,500,000.00	\$0.00
Transfer from Lottery Education - Secretary of Education and the Arts - Account 3508-096	310,000.00	0.00
Interest Earnings	<u>7,503.43</u>	<u>0.00</u>
	5,817,503.43	0.00
Disbursements:		
Personal Services	97,240.55	0.00
Employee Benefits	21,127.20	0.00
Current Expenses	100,719.43	0.00
Assets (Equipment)	<u>3,910.00</u>	<u>0.00</u>
	<u>222,997.18</u>	<u>0.00</u>
Cash Receipts Over Disbursements	5,594,506.25	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$5,594,506.25</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Joint Commission for Vocational, Technical and</u>		
<u>Occupation Education - Account 4926-099</u>		
Cash Receipts:		
Transfer from the Secretary of Education and the Arts - Account 3501	\$135,864.30	\$0.00
Other Collections, Fees, Licenses and Income	<u>282,838.00</u>	0.00
	418,702.30	0.00
Disbursements:		
Personal Services	139,120.71	0.00
Employee Benefits	34,258.70	0.00
Current Expenses	71,285.83	0.00
Assets (Equipment)	3,910.00	0.00
Transfer for Indirect Cost to Federal Programs - Account 8839	<u>18,018.04</u>	<u>0.00</u>
	<u>266,593.28</u>	<u>0.00</u>
 Cash Receipts Over Disbursements	 152,109.02	 0.00
 Beginning Balance	 <u>0.00</u>	 <u>0.00</u>
 Ending Balance	 <u>\$152,109.02</u>	 <u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Grant Program - Account 4925-164</u>		
Appropriations:	\$18,000,000.00	\$0.00
Reappropriations - Fiscal Year 2001	<u>381,411.75</u>	<u>0.00</u>
	18,381,411.75	0.00
Expenditures:		
Personal Services	214,745.41	0.00
Employee Benefits	49,249.37	0.00
Current Expenses	110,388.91	0.00
Equipment	4,199.00	0.00
Grants, Awards, Scholarship, and Loans	<u>17,366,880.70</u>	<u>0.00</u>
	<u>17,745,463.39</u>	<u>0.00</u>
	635,948.36	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 635,948.36</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Contract Program - Account 4925-165</u>		
Appropriations:	\$749,561.00	\$0.00
Expenditures:		
Personal Services	727.40	0.00
Employee Benefits	167.86	0.00
Current Expenses	592.00	0.00
Grants, Awards, Scholarship, and Loans	<u>481,458.48</u>	<u>0.00</u>
	<u>482,945.74</u>	<u>0.00</u>
	266,615.26	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$266,615.26</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Minority Doctoral Fellowship - Account 4925 -166</u>		
Appropriations:	\$150,000.00	\$0.00
Expenditures:		
Current Expenses	37,000.00	0.00
Grants, Awards, Scholarships, and Loans	<u>113,000.00</u>	<u>0.00</u>
	<u>150,000.00</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Underwood-Smith Scholarship Program -</u>		
<u>Student Awards - Account 4925-167</u>		
Appropriations:	\$150,000.00	\$0.00
Expenditures:		
Grants, Awards, Scholarships, and Loans	<u>150,000.00</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Health Sciences Scholarship Fund - Account 4925-176</u>		
Appropriations:	\$148,500.00	\$0.00
Expenditures:		
Personal Services	23,264.45	0.00
Employee Benefits	4,677.06	0.00
Current Expenses	2,037.58	0.00
Grants, Awards, Scholarship, and Loans	<u>118,520.91</u>	<u>0.00</u>
	<u>148,500.00</u>	<u>0.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Capital Outlay and Improvements -Total Account 4925-847</u>		
Reappropriations - Fiscal Year 1998	\$200.00	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	200.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$200.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Adult Part-Time Student (HEAPS)</u>		
<u>Grant Program - Account 4925-867</u>		
Appropriations:	\$2,103,804.00	\$0.00
Reappropriations - Fiscal Year 2000	4,702.31	0.00
Reappropriations - Fiscal Year 1998	<u>200.00</u>	<u>0.00</u>
	2,108,706.31	0.00
 Expenditures:		
Current Expenses	100.00	0.00
Grants, Awards, Scholarship and Loans	<u>1,912,528.92</u>	<u>0.00</u>
	<u>1,912,628.92</u>	<u>0.00</u>
	196,077.39	0.00
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$ 196,077.39</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>WV Engineering, Science, & Technology</u>		
<u>Scholarship Program - Account 4925-868</u>		
Appropriations:	\$ 500,000.00	\$0.00
Reappropriations - Fiscal Year 2000	500,200.54	0.00
Reappropriations - Fiscal Year 2001	<u>71,059.69</u>	<u>0.00</u>
	1,071,260.23	0.00
 Expenditures:		
Grants, Awards, Scholarship and Loans	<u>678,207.65</u>	<u>0.00</u>
	393,052.58	0.00
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$ 393,052.58</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CASH CONTROL FUND 4925

STATE UNIVERSITY SYSTEM REVENUE BOND CONSTRUCTION FUND

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Board of Trustees of the University System of West Virginia - Account 4011	12,696.84	0.00
Interest Earnings	<u>685.80</u>	<u>0.00</u>
	13,382.64	0.00
TOTAL CASH TO ACCOUNT FOR	<u>\$13,382.64</u>	<u>\$0.00</u>
Ending Balance		
State Treasury	\$13,382.64	\$0.00
Disbursements:	0.00	0.00
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$13,382.64</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Resource Fees - Account 4901-099</u>		
Cash Receipts:		
Tuition and Fees	\$4,034,818.64	\$0.00
Transfer from the Board of Trustees of the University System of West Virginia Account 4006	963,243.99	0.00
Transfer from the Board of Directors of the State College System Account 4283	1,203,268.88	0.00
Interest on Investments	<u>88,988.34</u>	<u>0.00</u>
	6,290,319.85	0.00
Disbursements:		
Current Expenses:	1,492,486.02	0.00
Repairs and Alterations:	670.00	0.00
Equipment	24,704.15	0.00
Higher Education Grant Program	1,800,000.00	0.00
Transfer to Higher Education Policy Commission Administration - Account 4921	350,000.00	0.00
Transfer to Network for Educational Telecommunications - Network Operating - Account 4780	228,000.00	0.00
Transfer to Various Institutional Programs	<u>360,687.92</u>	<u>0.00</u>
	<u>4,256,548.09</u>	<u>0.00</u>
Cash Receipts Over Disbursements	2,033,771.76	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$2,033,771.76</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Debt Service</u>		
<u>Account 4903-040</u>		
Appropriations:	\$29,972,330.00	\$0.00
Reappropriations - Fiscal Year 2000	3,818,915.00	0.00
Reappropriations - Fiscal Year 1999	<u>3,394,235.23</u>	<u>0.00</u>
	37,185,480.23	0.00
 Expenditures:		
Debt Service	<u>14,986,308.00</u>	<u>0.00</u>
	22,199,172.23	0.00
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$22,199,172.23</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Building and Campus Renewal - Account 4903-258</u>		
Reappropriations - Fiscal Year 2000	\$9,005,900.00	\$0.00
Expenditures:		
Transfer Capital Funds to the Universities	<u>22,712.93</u>	<u>0.00</u>
	8,983,187.07	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$8,983,187.07</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement -</u>		
<u>Capital Improvements - Account 4903-259</u>		
Reappropriations - Fiscal Year 2000	\$1,430,521.00	\$0.00
Reappropriations - Fiscal Year 1991	<u>81,844.37</u>	<u>0.00</u>
	1,512,365.37	0.00
Expenditures:		
Current Expenses	568,080.00	0.00
Transfer to Colleges	<u>289,297.00</u>	<u>0.00</u>
	<u>857,377.00</u>	<u>0.00</u>
	654,988.37	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 654,988.37</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - General Capital</u>		
<u>Expenditures - Account 4903-306</u>		
Appropriations	\$27,272,054.00	\$0.00
Expenditures:		
Transfer to Colleges	<u>290,264.00</u>	<u>0.00</u>
	26,981,790.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$26,981,790.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Miscellaneous</u>		
<u>Campus Development Projects - Account 4903-336</u>		
Reappropriations - Fiscal Year 1981	\$208.14	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	208.14	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$208.14</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Tax Assessment</u>		
<u>Errors - Account 4903-353</u>		
Reappropriations - Fiscal Year 1985	\$39,515.38	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	39,515.38	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$39,515.38</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - WV State College</u>		
<u>Campus Development - Account 4903-357</u>		
Reappropriations - Fiscal Year 1981	\$55,579.23	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	55,579.23	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$55,579.23</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Facilities Planning</u>		
<u>& Administration - Account 4903-386</u>		
Appropriations:	\$ 770,712.00	\$0.00
Reappropriations - Fiscal Year 2000	79,483.32	0.00
Reappropriations - Fiscal Year 1999	169,547.85	0.00
Reappropriations - Fiscal Year 1993	<u>332.17</u>	<u>0.00</u>
	1,020,075.34	0.00
 Expenditures:		
Personal Services	281,334.21	0.00
Employee Benefits	61,035.00	0.00
Current Expenses	50,690.86	0.00
Repairs and Alterations	333.86	0.00
Assets (Equipment)	<u>4,367.00</u>	<u>0.00</u>
	<u>397,760.93</u>	<u>0.00</u>
	622,314.41	0.00
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$ 622,314.41</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Computer & Telecommunications Technology - Account 4903-438</u>		
Reappropriations - Fiscal Year 2000	\$692,960.00	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	692,960.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$692,960.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - SATNET Fiber</u>		
<u>Optic System - Account 4903-457</u>		
Reappropriations - Fiscal Year 2000	\$48,228.48	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	48,228.48	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$48,228.48</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - West Virginia</u>		
<u>University Institute of Technology - Base Transfer</u>		
<u>from Board of Directors - Account 4903-458</u>		
Reappropriations - Fiscal Year 1996	\$712,800.00	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	712,800.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$712,800.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Capital</u>		
<u>Contingencies and Emergencies - Account 4903-537</u>		
Reappropriations - Fiscal Year 2000	\$250,000.00	\$0.00
Reappropriations - Fiscal Year 1999	2,802.00	0.00
Reappropriations - Fiscal Year 1995	<u>1,386.85</u>	<u>0.00</u>
	254,188.85	0.00
 Expenditures	 <u>0.00</u>	 <u>0.00</u>
	254,188.85	0.00
 Transmittals Paid After June 30	 <u>0.00</u>	 <u>0.00</u>
 Balance	 <u>\$254,188.85</u>	 <u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Capital Improvement - Building & Campus</u>		
<u>Renewal & Facilities Planning and Administration -</u>		
<u>Account 4903-538</u>		
Reappropriations - Fiscal Year 2000	\$553,672.00	\$0.00
Reappropriations - Fiscal Year 1995	<u>332.17</u>	<u>0.00</u>
	554,004.17	0.00
Expenditures:		
Transfer to the Colleges	<u>553,672.00</u>	<u>0.00</u>
	332.17	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 332.17</u>	<u>\$0.00</u>

**HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL FUND 4903-999
TUITION FEE CAPITAL IMPROVEMENT FUND**

	Year Ended June 30,	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Chancellors Office Board of Trustees - Tuition Fee - Special Capital Improvement Fund Account 4008	358,242.35	0.00
Transfer from the Board of Directors of the State College System - Account 4290	4,801,159.65	0.00
Transfers from Various Institutions for Debt Service	15,752,780.00	0.00
Tuition and Fees	80,658.20	0.00
Interest Earnings	263,836.65	0.00
Other Collections, Fees, Licenses and Income	134.51	0.00
Revenue Refunds	<u>(2,537.86)</u>	<u>0.00</u>
	<u>21,254,273.50</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$21,254,273.50</u>	<u>\$0.00</u>

	Year Ended June 30,	
	<u>2002</u>	<u>2001</u>
Ending Balance		
State Treasury	\$ 4,146,178.64	\$0.00
Disbursements:		
Personal Services	281,334.21	0.00
Employee Benefits	61,035.00	0.00
Current Expenses	618,770.86	0.00
Repairs and Alterations	333.86	0.00
Assets (Equipment)	4,367.00	0.00
Debt Service	14,986,308.00	0.00
Transfer of Capital Funds to Universities	22,712.93	0.00
Transfer of Capital Funds to Colleges	<u>1,133,233.00</u>	<u>0.00</u>
	17,108,094.86	0.00
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	0.00	0.00
Current Expenses	0.00	0.00
(Current Expenses)	0.00	0.00
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Assets (Equipment)	0.00	0.00
(Assets (Equipment))	0.00	0.00
Transfer of Funds	0.00	0.00
(Transfer of Funds)	0.00	0.00
Transfer to Colleges	0.00	0.00
(Transfer to Colleges)	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
	<u>17,108,094.86</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$21,254,273.50</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Improvement Fund - Account 4297-096</u>		
Appropriations	\$10,000,000.00	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	10,000,000.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$10,000,000.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - ACCOUNT 4297-999

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Improvement Fund - Account 4297-999</u>		
Beginning Balance:	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the West Virginia Lottery	<u>7,506,041.00</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$7,506,041.00</u>	<u>\$0.00</u>
Ending Balance:	\$7,506,041.00	\$0.00
Disbursements	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$7,506,041.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Registration Fee Capital Improvement Fund -</u>		
<u>Debt Service - Account 4902-040</u>		
Appropriations:	\$11,279,037.00	\$0.00
Expenditures:		
Debt Service	<u>5,646,425.00</u>	<u>0.00</u>
	5,632,612.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 5,632,612.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Registration FeeCapital Improvement Fund - Capital</u>		
<u>Repairs and Alterations - Account 4902-251</u>		
Reappropriations - Fiscal Year 2000	\$3,426,447.00	\$0.00
Expenditures:		
Transfer to the Colleges	386,747.00	0.00
Transfer to the Universities	<u>5,293.25</u>	<u>0.00</u>
	<u>392,040.25</u>	<u>0.00</u>
	3,034,406.75	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$3,034,406.75</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Registration Fee Capital Improvement Fund -</u>		
<u>General Capital Expenditures - Account 4902-306</u>		
Appropriations:	\$10,723,473.00	\$0.00
Expenditures:		
Transfer to Colleges	<u>50,700.00</u>	<u>0.00</u>
	10,672,773.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$10,672,773.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Registration Fee Capital Improvement Fund -</u>		
<u>Capital Improvements - Account 4902-338</u>		
Reappropriations - Fiscal Year 1987	\$2,401.94	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	2,401.94	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$2,401.94</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Registration Fee Capital Improvement Fund - Computer</u>		
<u>and Telecommunications Technology - Account 4902-438</u>		
Reappropriations - Fiscal Year 2000	\$692,959.00	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	692,959.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$692,959.00</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL FUND 4902-999
REGISTRATION FEE CAPITAL IMPROVEMENT FUND

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Board of Trustees of the University System of West Virginia - Account 4007	31,560.95	0.00
Transfer from the Board of Directors of the State College System - Account 4290	2,558,383.27	0.00
Transfers from Institutions for Debt Service	5,852,195.69	
Interest Earnings	<u>135,482.95</u>	<u>0.00</u>
	8,577,622.86	0.00
TOTAL CASH TO ACCOUNT FOR	<u>\$8,577,622.86</u>	<u>\$0.00</u>
Ending Balance		
State Treasury	\$2,488,457.61	\$0.00
Disbursements:		
Debt Service	5,646,425.00	0.00
Transfer of Capital Funds to the Colleges	437,447.00	0.00
Transfer of Capital Funds to the Universities	<u>5,293.25</u>	<u>0.00</u>
	<u>6,089,165.25</u>	<u>0.00</u>
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Transfer to the Universities (Transfer to the Universities)		
Transfer to Colleges (Transfer to Colleges)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
	6,089,165.25	0.00
TOTAL CASH ACCOUNTED FOR	<u>\$8,577,622.86</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u>Capital Outlay - Account 4906-511</u>		
Reappropriations - Fiscal Year 2001	\$ 500,000.00	\$0.00
Reappropriations - Fiscal Year 2000	<u>2,103,303.78</u>	<u>0.00</u>
	2,603,303.78	0.00
Expenditures:		
Current Expenses	4,000.00	0.00
Transfer to Fairmont State College	<u>236,250.00</u>	<u>0.00</u>
	<u>240,250.00</u>	<u>0.00</u>
	2,363,053.78	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$2,363,053.78</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund - Fairmont</u>		
<u>State College Clarksburg Center - Account 4906-715</u>		
Reappropriations - Fiscal Year 1998	\$203,586.03	\$0.00
Expenditures:		
Current Expenses	25,560.81	0.00
Repairs and Alterations	<u>1,522.50</u>	<u>0.00</u>
	27,083.31	0.00
	<u>176,502.72</u>	<u>0.00</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$176,502.72</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u>Fairmont State College - Campus Fiber Optics</u>		
<u>Network - Account 4906-716</u>		
Reappropriations - Fiscal Year 1998	\$188,800.00	\$0.00
Expenditures:		
Current Expenses	11,609.62	0.00
Assests (Equipment)	<u>127,142.75</u>	<u>0.00</u>
	<u>138,752.37</u>	<u>0.00</u>
	50,047.63	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 50,047.63</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u> Glenville State College - Ramp and Personnel</u>		
<u> Lift - Health Building - Account - 4906-717</u>		
Reappropriations - Fiscal Year 1998	\$791.95	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	791.95	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$791.95</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u> Glenville State College - Elevator - Science</u>		
<u> Hall - Account 4906-718</u>		
Reappropriations - Fiscal Year 1998	\$2,952.70	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	2,952.70	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$2,952.70</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u> Glenville State College - Elevator - Louis</u>		
<u> Bennett Hall - Account 4906-719</u>		
Reappropriations - Fiscal Year 1998	\$3,399.69	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	3,399.69	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$3,399.69</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u> Glenville State College - Roof Replacement -</u>		
<u> Administration Building Account 4906-720</u>		
Reappropriations - Fiscal Year 1998	\$6,579.62	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	6,579.62	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$6,579.62</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u>West Liberty State College - Academic, Sports</u>		
<u>and Recreation Center - Account 4906-721</u>		
Reappropriations - Fiscal Year 1998	\$21,211.79	\$0.00
Expenditures:		
Assets (Equipment)	<u>7,025.00</u>	<u>0.00</u>
	14,186.79	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$14,186.79</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Tuition Fee Revenue Bond Construction Fund -</u>		
<u>Marshall University - Campus Facilities</u>		
<u>Improvement - Account 4906-756</u>		
Reappropriations - Fiscal Year 1998	\$341,696.00	\$0.00
Expenditures:		
Transfer to Marshall University	<u>337,087.86</u>	<u>0.00</u>
	4,608.14	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 4,608.14</u>	<u>\$0.00</u>

**HIGHER EDUCATION POLICY COMMISSION
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 CASH CONTROL FUND 4906-999
 TUITION FEE REVENUE BOND CONSTRUCTION FUND**

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Board of Trustees and the Board Directors System - Account 4041	2,524,857.94	0.00
Interest Earnings	<u>116,077.04</u>	<u>0.00</u>
	<u>2,640,934.98</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,640,934.98</u>	<u>\$0.00</u>

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Ending Balance		
State Treasury	\$1,890,736.44	\$0.00
Disbursements:		
Current Expenses	41,170.43	0.00
Repairs and Alterations	128,665.25	0.00
Assets (Equipment)	7,025.00	0.00
Transfer to Marshall University	337,087.86	0.00
Transfer to Fairmont State College	<u>236,250.00</u>	<u>0.00</u>
	<u>750,198.54</u>	<u>0.00</u>
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Current Expenses	0.00	0.00
(Current Expenses)	0.00	0.00
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Assets (Equipment)	0.00	0.00
(Assets (Equipment))	0.00	0.00
Transfer to University	0.00	0.00
(Transfer to University)	0.00	0.00
Transfer to Colleges	0.00	0.00
(Transfer to Colleges)	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
	<u>750,198.54</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,640,934.98</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>State University System Revenue Bond Construction</u>		
<u>Fund - Marshall University - Campus Facilities</u>		
<u>Improvement - Account 4907-814</u>		
Reappropriations - Fiscal Year 2000	\$2,642,138.85	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	2,642,138.85	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$2,642,138.85</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CASH CONTROL FUND 4907-999

STATE UNIVERSITY SYSTEM REVENUE BOND CONSTRUCTION FUND

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Board of Trustees of the University System of West Virginia - Account 4011	12,696.84	0.00
Interest Earnings	<u>685.80</u>	<u>0.00</u>
	<u>13,382.64</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$13,382.64</u>	<u>\$0.00</u>
Ending Balance		
State Treasury	\$13,382.64	\$0.00
Disbursements:	0.00	0.00
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$13,382.64</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>1977 State System Registration Fee Refund Revenue</u>		
<u>Construction - Capital Outlay - Account 4905-511</u>		
Reappropriations - Fiscal Year 2000	\$434,169.73	\$0.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	434,169.73	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$434,169.73</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CASH CONTROL FUND 4905-999

1977 STATE SYSTEM REGISTRATION FEE REFUND REVENUE CONSTRUCTION

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$ 0.00	\$0.00
Cash Receipts:		
Transfer from the Board of Trustees and the Board Directors System - Account 4033	407,507.83	0.00
Interest Earnings	<u>12,836.23</u>	<u>0.00</u>
	<u>420,344.06</u>	<u>0.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$420,344.06</u>	<u>\$0.00</u>
Ending Balance:		
State Treasury	\$ 11,340.73	\$0.00
Investment Management Board	<u>409,003.33</u>	<u>0.00</u>
	420,344.06	0.00
Disbursements:	0.00	0.00
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$420,344.06</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health Sciences -</u>		
<u>Health Education Student Loan Program -</u>		
<u>Account 4941-099</u>		
Cash Receipts:		
Tuition and Fees	\$ 775,285.56	\$0.00
Transfer from the Board of Trustees of the Medical Schools - Account 4002	451,879.70	0.00
Interest on Investments	<u>33,379.80</u>	<u>0.00</u>
	1,260,545.06	0.00
Disbursements:		
Personal Services	32,696.25	0.00
Employee Benefits	4,786.27	0.00
Current Expenses	4,485.60	0.00
Transfer of Medical Fees back to the Medical Schools	<u>775,286.76</u>	<u>0.00</u>
	<u>817,254.88</u>	<u>0.00</u>
Cash Receipts Over Disbursements	443,290.18	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 443,290.18</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Higher Education Policy Commission - Health Sciences - Health Sciences Scholarship Fund - Account 4942-099</u>		
Cash Receipts:		
Transfer from the Board of Trustees of the Medical Schools - Account 4003	\$450,442.91	\$0.00
Repayments of Scholarships	99,331.04	
Interest on Investments	<u>26,156.15</u>	<u>0.00</u>
	575,930.10	0.00
Disbursements:		
Personal Services	5,469.30	0.00
Employee Benefits	883.40	0.00
Current Expenses	1,058.16	0.00
Grants, Awards, Scholarships and Loans	<u>1,479.09</u>	<u>0.00</u>
	<u>8,889.95</u>	<u>0.00</u>
 Cash Receipts Over Disbursements	 567,040.15	 0.00
 Beginning Balance	 <u>0.00</u>	 <u>0.00</u>
 Ending Balance	 <u>\$567,040.15</u>	 <u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System -</u>		
<u>Lottery Education - Higher Education Grant Program -</u>		
<u>Account 4057-164</u>		
Appropriations:	\$0.00	\$15,575,000.00
Reappropriations - Fiscal Year 2000	<u>0.00</u>	<u>138,136.85</u>
	0.00	15,713,136.85
Expenditures:		
Personal Services	0.00	217,639.83
Employee Benefits	0.00	44,661.57
Current Expenses	0.00	81,499.94
Repairs and Alterations	0.00	175.00
Equipment	0.00	10,601.95
Grants, Awards, Scholarship, and Loans	<u>0.00</u>	<u>14,977,146.81</u>
	<u>0.00</u>	<u>15,331,725.10</u>
	0.00	381,411.75
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 381,411.75</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System -</u>		
<u>Lottery Education - Minority Doctoral Fellowship</u>		
<u>Account 4057-166</u>		
Appropriations:	\$0.00	\$100,000.00
Reappropriations - Fiscal Year 2000	<u>0.00</u>	<u>9,254.25</u>
		109,254.25
Expenditures:		
Current Expenses	0.00	17,000.00
Transfer to Marshall University	0.00	50,754.25
Transfer to West Virginia University	<u>0.00</u>	<u>41,500.00</u>
	<u>0.00</u>	<u>109,254.25</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	Year Ended June 30,	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System - Lottery Education - Underwood-Smith Scholarship Program - Student Awards - Account - 4057-167</u>		
Appropriations	\$0.00	\$150,000.00
Expenditures:		
Grants, Awards, Scholarships, and Loans	<u>0.00</u>	<u>150,000.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System -</u>		
<u>Lottery Education - Health Sciences Scholarship</u>		
<u>Fund - Account 4057-176</u>		
Appropriations	\$0.00	\$148,500.00
Expenditures:		
Transfer to Health Sciences Scholarship Fund		
Account 4003-999	<u>0.00</u>	<u>148,500.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System -</u>		
<u>Lottery Education - Capital Outlay and Improvements -</u>		
<u>Total - Account 4057-847</u>		
Reappropriations - Fiscal Year 1998	\$0.00	\$113,200.00
Expenditures:		
Grants, Awards, Scholarship and Loans	<u>0.00</u>	<u>113,000.00</u>
	0.00	200.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 200.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System -</u>		
<u>Lottery Education - Higher Education Adult Part-Time</u>		
<u>Student (HEAPS) Grant Program - Account 4057-867</u>		
Appropriations:	\$0.00	\$1,000,000.00
Reappropriations - Fiscal Year 2000	<u>0.00</u>	<u>94,262.58</u>
	0.00	1,094,262.58
 Expenditures:		
Transfers of Higher Education Adult Part-Time Student		
Grant Funds to Various Higher Education Institutions	0.00	912,761.80
Grants, Awards, Scholarship and Loans	<u>0.00</u>	<u>176,798.47</u>
	<u>0.00</u>	<u>1,089,560.27</u>
	0.00	4,702.31
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$0.00</u>	<u>\$ 4,702.31</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office - State College and University System - Lottery Education - WV Engineering, Science, and Technology Scholarship Program - Account 4057-868</u>		
Appropriations:	\$0.00	\$ 500,000.00
Reappropriations - Fiscal Year 2000	<u>0.00</u>	<u>500,000.00</u>
	0.00	1,000,000.00
Expenditures:		
Grants, Awards, Scholarship and Loans	<u>0.00</u>	<u>428,739.77</u>
	0.00	571,260.23
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 571,260.23</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and Universities System</u>		
<u>Combined System HERF Allocations Account 4051-099</u>		
Cash Receipts:		
Transfer from the Chancellor's Office University		
System - Higher Education Resource Fees Account - 4006	\$ 0.00	\$175,000.00
Transfer from the Chancellor's Office College		
System - Higher Education Resource Fees Account - 4283	0.00	175,000.00
Other Collection, Fees, Licenses, and Income	0.00	14.04
Interest Earnings	<u>0.00</u>	<u>28,613.23</u>
	0.00	378,627.27
Disbursements:		
Transfer to the Higher Education Policy Commission -		
Administration - Higher Education Resource Fee Account - 4921	360,742.66	0.00
Personal Services	0.00	1,759.40
Current Expenses	0.00	284,743.39
Repairs and Alterations	0.00	5,037.46
Assets (Equipment)	0.00	66,740.05
Other Disbursements	<u>0.00</u>	<u>1,551.33</u>
	<u>360,742.66</u>	<u>359,831.63</u>
Cash Receipts (Under)/Over Disbursements	(360,742.66)	18,795.64
Beginning Balance	<u>360,742.66</u>	<u>341,947.02</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$360,742.66</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and Universities System</u>		
<u>Underwood/Smith Scholarship Program - Account 4052-099</u>		
Cash Receipts:		
Grants, Awards, Scholarship and Loan Repayments	\$ 0.00	\$116,384.51
Interest Earnings	<u>0.00</u>	<u>9,996.93</u>
	0.00	126,381.44
Disbursements:		
Transfer to the Higher Education Policy Commission Administration Underwood/Smith Scholarship Program - Account 4921	149,065.54	0.00
Grants, Awards, Scholarships and Loans	<u>0.00</u>	<u>99,767.00</u>
	<u>149,065.54</u>	<u>99,767.00</u>
Cash Receipts (Under)/Over Disbursements	(149,065.54)	26,614.44
Beginning Balance	<u>149,065.54</u>	<u>122,451.10</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$149,065.54</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and Universities System -</u>		
<u>Eminent Scholars Program Fund - Account 4054-099</u>		
Cash Receipts:		
Interest Earnings	\$ 0.00	\$ 110,863.11
Disbursements:		
Transfer to the Higher Education Policy Commission - Administration - Eminent Scholars Program - Account 9423	<u>1,312,196.31</u>	<u>0.00</u>
Cash Receipts (Under)/Over Disbursements	(1,312,196.31)	110,863.11
Beginning Balance	<u>\$1,312,196.31</u>	<u>\$1,201,333.20</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$1,312,196.31</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustee - Higher</u>		
<u>Education Resource Fees - Account 4006-099</u>		
Cash Receipts:		
Tuition and Fees	\$ 0.00	\$2,701,400.00
Interest on Investments	0.00	68,496.52
	0.00	2,769,896.52
Disbursements:		
Current Expenses:	0.00	724,795.28
Transfer to the Higher Education Policy Commission		
Federal Programs Fund - Account 8760	0.00	1,346,900.00
Transfer to the Higher Education Policy Commission		
Administration - Account 4921	0.00	175,000.00
Transfer to Network for Educational Telecommunications -		
Network Operating - Account 4780	0.00	173,200.00
Transfer to Marshall University	0.00	633,850.00
Transfer to West Virginia University	0.00	16,600.00
Transfer to Fairmont State College	0.00	3,688.89
Transfer to Glenville State College	0.00	5,000.00
Transfer to the West Virginia School of Osteopathic Medicine	0.00	3,200.00
Transfer to Concord/Bluefield State Colleges	0.00	730.00
Transfer to Higher Education Resource Fees - Account 4901	963,243.99	0.00
	963,243.99	3,082,964.17
Cash Receipts Over Disbursements	(963,243.99)	(313,067.65)
Beginning Balance	963,243.99	1,276,311.64
Ending Balance	\$ 0.00	\$ 963,243.99

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration</u>		
<u>Fee - Special Capital Improvement - Debt Service -</u>		
<u>Account 4007-040</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$3,956,652.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>125,485.02</u>
	0.00	4,082,137.02
Expenditures:		
Debt Service	<u>0.00</u>	<u>3,956,652.00</u>
	0.00	125,485.02
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 125,485.02</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration</u>		
<u>Fee - Special Capital Improvement - Capital</u>		
<u>Repairs and Alterations - Account 4007-251</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$3,090,400.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>3,878,796.00</u>
	0.00	6,969,196.00
Expenditures:		
Transfers of Capital Funds Distributions	<u>0.00</u>	<u>513,216.00</u>
	0.00	6,455,980.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$6,455,980.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration</u>		
<u>Fee Special Capital Improvement - Miscellaneous</u>		
<u>Projects - Account 4007-252</u>		
Reappropriations - Fiscal Year 1999	\$0.00	\$400,000.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	0.00	400,000.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$400,000.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration</u>		
<u>Fee Special Capital Improvement - Computer and</u>		
<u>Telecommunications Technology - Account 4007-438</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$ 692,959.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>991,909.00</u>
	0.00	1,684,868.00
 Expenditures	 <u>0.00</u>	 <u>0.00</u>
	0.00	1,684,868.00
 Transmittals Paid After June 30	 <u>0.00</u>	 <u>0.00</u>
 Balance	 <u>\$0.00</u>	 <u>\$1,684,868.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration</u>		
<u>Fee Special Capital Improvement - WVUIT -</u>		
<u>Base Transfer from Board of Directors -</u>		
<u>Account 4007-458</u>		
Reappropriations - Fiscal Year 1996	\$0.00	\$305,500.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	0.00	305,500.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$305,500.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 4007 - 999
REGISTRATION FEE - SPECIAL CAPITAL IMPROVEMENT FUND

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$31,560.95	\$ 459,408.94
Cash Receipts:		
Tuition and Fees	0.00	1,207,604.87
Operating Funds Transfer	0.00	2,796,852.38
Interest Earnings	<u>0.00</u>	<u>37,562.76</u>
	<u>0.00</u>	<u>4,042,020.01</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$31,560.95</u>	<u>\$4,501,428.95</u>
Ending Balance		
State Treasury	\$ 0.00	\$ 31,560.95
Disbursements:		
Debt Service	0.00	3,956,652.00
Transfer of Capital Funds Distributions	0.00	513,216.00
Transfer to the Higher Education Policy Commission System		
Registration Fee - Capital Improvement - Account 4902	<u>31,560.95</u>	<u>0.00</u>
	31,560.95	4,469,868.00
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Debt Service	0.00	0.00
(Debt Service)	0.00	0.00
Transfer of Funds	0.00	0.00
(Transfer of Funds)	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
	<u>31,560.95</u>	<u>4,469,868.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$31,560.95</u>	<u>\$4,501,428.95</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Tuition Fee Special - Capital Improvement - Debt Service - Account 4008-040</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$10,904,193.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>4,151,568.23</u>
	0.00	15,055,761.23
Expenditures:		
Debt Service	<u>0.00</u>	<u>7,842,611.00</u>
	0.00	7,213,150.23
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 7,213,150.23</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Tuition</u>		
<u>Fee Special Capital Improvement - Building</u>		
<u>and Campus Renewal - Account 4008-258</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$ 9,263,300.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>11,107,336.50</u>
	0.00	20,370,636.50
Expenditures:		
Transfer of Capital Funds Distributions	<u>0.00</u>	<u>346,263.86</u>
	0.00	20,024,372.64
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$20,024,372.64</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Tuition</u>		
<u>Fee Special Capital Improvement - Facilities</u>		
<u>Planning and Administration - Account 4008-386</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$190,645.00
Reappropriations - Fiscal Year 1999	0.00	131,081.35
Reappropriations - Fiscal Year 1993	<u>0.00</u>	<u>332.17</u>
	0.00	322,058.52
Expenditures:		
Personal Services	0.00	123,281.42
Employee Benefits	0.00	27,542.65
Current Expenses	0.00	34,557.97
Repairs and Alterations	0.00	414.76
Assests (Equipment)	<u>0.00</u>	<u>11,813.50</u>
	<u>0.00</u>	<u>197,610.30</u>
	0.00	124,448.22
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$124,448.22</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Tuition</u>		
<u>Fee Special Capital Improvement - Computer and</u>		
<u>Telecommunication Technology - Account 4008-438</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$ 692,960.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>693,775.50</u>
	0.00	1,386,735.50
 Expenditures	 <u>0.00</u>	 <u>0.00</u>
	0.00	1,386,735.50
 Transmittals Paid After June 30	 <u>0.00</u>	 <u>0.00</u>
 Balance	 <u>\$0.00</u>	 <u>\$1,386,735.50</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Tuition Fee Special</u>		
<u>Capital Improvement - WVUIT - Base Transfer from</u>		
<u>Board of Directors - Account 4008-458</u>		
Reappropriations - Fiscal Year 1996	\$0.00	\$712,800.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	0.00	712,800.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$712,800.00</u>

**HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 4008 - 999
TUITION FEE - SPECIAL CAPITAL IMPROVEMENT FUND**

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$358,242.35	\$ 358,905.87
Cash Receipts:		
Tuition and Fees	0.00	4,206,627.48
Operating Funds Transfer	0.00	4,070,893.82
Interest Earnings	<u>0.00</u>	<u>108,300.34</u>
	<u>0.00</u>	<u>8,385,821.64</u>
TOTAL CASH TO ACCOUNT FOR	<u><u>\$358,242.35</u></u>	<u><u>\$8,744,727.51</u></u>

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Ending Balance		
State Treasury	\$ 0.00	\$ 358,242.35
Disbursements:		
Personal Services	0.00	123,281.42
Employee Benefits	0.00	27,542.65
Current Expenses	0.00	34,557.97
Repairs and Alterations	0.00	414.76
Assets (Equipment)	0.00	11,813.50
Debt Service	0.00	7,842,611.00
Transfer of Capital Funds Distributions	0.00	346,263.86
Transfer to the Higher Education Policy Commission - System - Tuition Fee Capital Improvement Fund - Account 4903	<u>358,242.35</u>	<u>0.00</u>
	358,242.35	8,386,485.16
 Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	0.00	0.00
Current Expenses	0.00	0.00
(Current Expenses)	0.00	0.00
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Assets (Equipment)	0.00	0.00
(Assets (Equipment))	0.00	0.00
Transfer of Funds	0.00	0.00
(Transfer of Funds)	0.00	0.00
Debt Service	0.00	0.00
(Debt Service)	<u>0.00</u>	<u>0.00</u>
	<u>358,242.35</u>	<u>8,386,485.16</u>
 TOTAL CASH ACCOUNTED FOR	 <u>\$358,242.35</u>	 <u>\$8,744,727.51</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Trustees - Registration Fee -</u>		
<u>State University System Revenue Bond Construction Fund -</u>		
<u>Marshall University Medical School - Capital Improvements</u>		
<u>Account 4011-814</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$2,704,140.85
Expenditures:		
Bond Sale Cost	<u>0.00</u>	<u>62,002.00</u>
	0.00	2,642,138.85
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$2,642,138.85</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CASH CONTROL - ACCOUNT 4011-999

STATE UNIVERSITY SYSTEM REVENUE BOND CONSTRUCTION FUND

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:	\$12,696.84	\$73,109.57
Cash Receipts:		
Interest Earnings	<u>0.00</u>	<u>1,589.27</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$12,696.84</u>	<u>\$74,698.84</u>
Ending Balance:	\$ 0.00	\$12,696.84
Disbursements:		
Bond Sale Cost	0.00	62,002.00
Transfer to Higher Education Policy Commission - System State University System Revenue Bond Construction Fund - Account 4907	<u>12,696.84</u>	<u>0.00</u>
	<u>12,696.84</u>	<u>62,002.00</u>
TOTAL CASH ACCOUNTED FOR	<u>\$12,696.84</u>	<u>\$74,698.84</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - Health</u>		
<u>Education Student Loan Program - Account 4002-099</u>		
Cash Receipts:		
Tuition and Fees	\$ 0.00	\$640,800.74
Transfer from Marshall University Medical School		
Other Student Fees - Account 4249	0.00	134,619.35
Interest on Investments	<u>0.00</u>	<u>50,332.21</u>
	0.00	825,752.30
Disbursements:		
Current Expenses	0.00	9,862.12
Transfer to Higher Education Policy Commission - Health		
Education Student Loan Program - Account 4941	451,879.70	0.00
Transfer of Medical Fees back to the Medical Schools	<u>0.00</u>	<u>791,494.13</u>
	451,879.70	801,356.25
Cash Receipts (Under)/Over Disbursements	(451,879.70)	24,396.05
Beginning Balance	<u>451,879.70</u>	<u>427,483.65</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$451,879.70</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - Health</u>		
<u>Sciences Scholarship Fund - Account 4003-099</u>		
Cash Receipts:		
Transfer from the Central Office - State College and University System - Lottery Education - Health Sciences Scholarship Fund - Account 4057-176	\$0.00	\$148,500.00
Repayments of Scholarships	0.00	85,378.66
Interest on Investments	<u>0.00</u>	<u>47,805.15</u>
	0.00	281,683.81
Disbursements:		
Personal Services	0.00	54,449.92
Employee Benefits	0.00	9,282.70
Current Expenses	0.00	2,515.72
Scholarships	0.00	170,000.00
Transfer to the Higher Education Policy Commission Health Sciences - Health Sciences Scholarship Fund Account 4942	0.00	0.00
	<u>450,442.91</u>	<u>0.00</u>
	<u>450,442.91</u>	<u>236,248.34</u>
Cash Receipts (Under)/Over Disbursements	(450,442.91)	45,435.47
Beginning Balance	<u>450,442.91</u>	<u>405,007.44</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$450,442.91</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Medical Schools Board of Trustees - Lottery Net Profits -</u>		
<u>Vice Chancellor Health Sciences - Account 4004-099</u>		
Cash Receipts	\$0.00	\$ 0.00
Disbursements:		
Return of Unused Funds to Lottery		
Commission - Fund 7202	<u>0.00</u>	<u>402.00</u>
Cash Receipts Over/(Under) Disbursements	0.00	(402.00)
Beginning Balance	<u>0.00</u>	<u>402.00</u>
Ending Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors -</u>		
<u>Higher Education Resource Fees - Account 4283-099</u>		
Cash Receipts:		
Tuition and Fees	\$ 0.00	\$1,138,987.68
Interest on Investments	0.00	108,532.12
	0.00	1,247,519.80
Disbursements:		
Current Expenses:	0.00	529,005.33
Transfer to Federal Programs - Account 8760	0.00	453,100.00
Transfer to the Higher Education Policy Commission Administration - Account 4921	0.00	175,000.00
Transfer to Network for Educational Telecommunications - Network Operating Fund - Account 4780	0.00	63,727.03
Transfers of HERF funds to Higher Education Institutions for Various Institutional Programs	0.00	67,931.11
Transfer to Higher Education Resource Fees - Account 4901	1,203,268.88	0.00
	<u>1,203,268.88</u>	<u>1,288,763.47</u>
Cash Receipts (Under) Disbursements	(1,203,268.88)	(41,243.67)
Beginning Balance	<u>1,203,268.88</u>	<u>1,244,512.55</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$1,203,268.88</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended, June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors -</u>		
<u>Jobs Training Partnership Act - Account 4285-099</u>		
Cash Receipts:		
Bureau of Employment Programs Federal Grant for Jobs Training Partnership Act - Account 8749	\$ 0.00	\$ 763,024.74
Other Collections, Fees, Licenses and Income	0.00	55,313.00
Operating Funds Transfer	0.00	1,240.00
Tuition Reimbursement	0.00	588.30
Grant Refund	<u>0.00</u>	<u>1,514.00</u>
	0.00	821,680.04
Disbursements:		
Personal Services	0.00	400,134.46
Employee Benefits	0.00	64,395.68
Current Expenses:	0.00	28,722.34
Assests (Equipment):	0.00	239.90
Grants, Awards, Scholarships and Loans	0.00	720.00
Transfers to Various Higher Education Institutions for Job Training Partnership Act	0.00	1,211,638.02
Transfer to the Higher Education Policy Commission - Jobs Training Partnership Act - Account 4924	<u>37,062.74</u>	<u>0.00</u>
	<u>37,062.74</u>	<u>1,705,850.40</u>
Cash Receipts (Under) Disbursements	(37,062.74)	(884,170.36)
Beginning Balance	<u>37,062.74</u>	<u>921,233.10</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$ 37,062.74</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors Registration Fee</u>		
<u>Capital Improvements Fund - Debt Service</u>		
<u>Account 4289-040</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$1,670,670.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>78,225.51</u>
	0.00	1,748,895.51
Expenditures:		
Debt Service	<u>0.00</u>	<u>1,670,670.00</u>
	0.00	78,225.51
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 78,225.51</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors</u>		
<u>Registration Fee Capital Improvements Fund -</u>		
<u>Capital Repairs and Alterations - Account 4289-251</u>		
Reappropriations - Fiscal Year 2000	\$0.00	\$1,547,000.00
Reappropriations - Fiscal Year 1999	<u>0.00</u>	<u>443,804.00</u>
	0.00	1,990,804.00
 Expenditures:		
Transfer to Colleges	<u>0.00</u>	<u>1,604,057.00</u>
	0.00	386,747.00
 Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
 Balance	<u>\$0.00</u>	<u>\$ 386,747.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors</u>		
<u>Registration Fee Capital Improvements Fund -</u>		
<u>Miscellaneous Projects - Account 4289-252</u>		
Reappropriations - Fiscal Year 1991	\$0.00	\$18,768.01
Expenditures:		
Current Expenses	<u>0.00</u>	<u>18,768.01</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$ 0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Chancellors Office Board of Directors Registration Fee</u>		
<u>Capital Improvements Fund - Capital Improvements -</u>		
<u>Account 4289-338</u>		
Reappropriations - Fiscal Year 1987	\$0.00	\$2,401.94
Expenditures	<u>0.00</u>	<u>0.00</u>
	0.00	2,401.94
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$2,401.94</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - ACCOUNT 4289-999
REGISTRATION FEE CAPITAL IMPROVEMENTS FUND

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Beginning Balance:		
State Treasury	\$2,558,383.27	\$1,969,858.38
Cash Receipts:		
Tuition and Fees	0.00	3,403,491.54
Statutory Transfers	0.00	111,889.00
Interest Earnings	0.00	366,639.36
	<u>0.00</u>	<u>3,882,019.90</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,558,383.27</u>	<u>\$5,851,878.28</u>
Ending Balance		
State Treasury	\$ 0.00	\$2,558,383.27
Disbursements:		
Current Expenses	0.00	18,768.01
Debt Service	0.00	1,670,670.00
Transfer to Colleges	0.00	1,604,057.00
Transfer to Higher Education Policy Commission System Registration Fee Capital Improvement Fund - Account 4902	<u>2,558,383.27</u>	<u>0.00</u>
	2,558,383.27	3,293,495.01
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Current Expenses	0.00	0.00
(Current Expenses)	0.00	0.00
Debt Service	0.00	0.00
(Debt Service)	0.00	0.00
Transfer to Colleges	0.00	0.00
(Transfer to Colleges)	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
	<u>2,558,383.27</u>	<u>3,293,495.01</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,558,383.27</u>	<u>\$5,851,878.28</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
FEDERAL PROGRAMS

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Federal Programs Fund - Account 8839-099</u>		
Cash Receipts:		
Transfer from the Central Office State College and University System - Federal Programs Fund - Account 8760	\$1,340,343.65	\$0.00
Interagency Federal Payments	2,011,976.00	0.00
Department of Education	1,207,301.02	0.00
Veterans Administration	146,334.92	0.00
Correspondence, Business, Occupational and Trade School Permit Fees	63,250.00	0.00
EEO Conference Registration Fees	34,115.00	0.00
Child Development Grant	27,000.00	0.00
Other Collections, Fees, Licenses and Income	(6,741.41)	0.00
Operating Transfer for Indirect Cost from the Joint Commission for Vocational, Technical and Occupational Education Account - Account 4926	18,018.04	0.00
Clearing-Special Revenues	1,500.00	0.00
Interest Earnings	<u>69,667.44</u>	<u>0.00</u>
	4,912,764.66	0.00
Disbursements:		
Personal Services	390,826.19	0.00
Employee Benefits	108,446.47	0.00
Current Expenses	712,411.89	0.00
Repairs and Alterations	167.70	0.00
Assets (Equipment)	22,914.00	0.00
Grants, Awards, Scholarships, and Loans	716,492.90	0.00
Transfer of Funds	<u>1,713,952.49</u>	<u>0.00</u>
	<u>3,665,211.64</u>	<u>0.00</u>
Cash Receipts Over Disbursements	1,247,553.02	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$1,247,553.02</u>	<u>\$0.00</u>

HIGHER EDUCATION POLICY COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
FEDERAL PROGRAMS

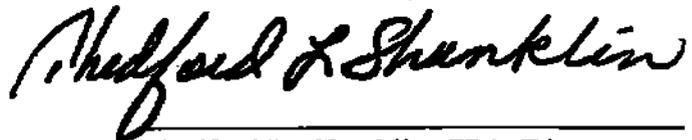
	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
<u>Central Office State College and Universities System -</u>		
<u>Federal Programs Fund - Account 8760-099</u>		
Cash Receipts:		
Interagency Federal Payments	\$ 0.00	\$2,015,249.00
Department of Education	0.00	1,279,363.73
Veterans Administration	0.00	155,774.52
Other Collections, Fees, Licenses and Income	0.00	178,874.59
University System Higher Education Resource Fee		
Transfer - Account 4006	0.00	1,346,900.00
College System Higher Education Resource Fee		
Transfer - Account 4283	0.00	453,100.00
Indirect Federal Drawdown from Department of		
Education and the Arts - Account 3501	0.00	8,069.77
Interest Earnings	0.00	125,612.89
Non-Federal Grants	0.00	44,218.94
	<u>0.00</u>	<u>5,607,163.44</u>
Disbursements:		
Personal Services	0.00	271,373.22
Employee Benefits	0.00	100,679.35
Current Expenses	0.00	731,426.10
Repairs and Alterations	0.00	718.00
Assets (Equipment)	0.00	189,106.31
Grants, Awards, Scholarships and Loans	0.00	2,383,509.43
Transfer of Funds	0.00	1,678,172.08
Transfer to the Higher Education Policy Commission -		
Administration - Federal Programs Fund - Account 8839	<u>1,340,343.65</u>	<u>0.00</u>
	<u>1,340,343.65</u>	<u>5,354,984.49</u>
Cash Receipts (Under)/Over Disbursements	(1,340,343.65)	252,178.95
Beginning Balance	<u>1,340,343.65</u>	<u>1,088,164.70</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$1,340,343.65</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 13th day of June, 2004.



Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to Higher Education Policy Commission; Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.