

MARION TECHNICAL COLLEGE
MARION COUNTY

Guillan & Company

MARION TECHNICAL COLLEGE
MARION COUNTY

AUDITED GENERAL PURPOSE
FINANCIAL STATEMENTS AND
AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 1999

MARION TECHNICAL COLLEGE
MARION COUNTY
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustess
Marion Technical College and
Board of Directors
Marion Technical College Development Fund

We have reviewed the independent auditor's reports of the Marion Technical College and Marion Technical College Development Fund, Marion County, prepared by Guillan & Company, Certified Public Accountant, for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marion Technical College and Marion Technical College Development Fund is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish that loops around the text.

JIM PETRO
Auditor of State

January 11, 2000

Guillan & Company

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Independent Auditors' Report

Board of Trustees
Marion Technical College
Marion, Ohio

We have audited the accompanying balance sheet of Marion Technical College as of June 30, 1999, and the related statements of changes in fund balances and current funds, revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of Marion Technical College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion Technical College as of June 30, 1999, and the changes in its fund balances and its current funds, revenues, expenditures and other changes for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 21, 1999 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Marion Technical College
Marion County

Our audit was made for the purpose of forming an opinion on the basic financial statements of Marion Technical College taken as a whole. The accompanying Schedule of Federal Awards for the year ended June 30, 1999, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

December 21, 1999

William L. Company

MARION TECHNICAL COLLEGE
MARION COUNTY

BALANCE SHEET
AS OF JUNE 30, 1999

<u>ASSETS:</u>	<u>CURRENT FUNDS</u>		
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>AGENCY FUNDS</u>
Cash and Cash Equivalents	\$ 565,768	\$ 102,126	\$ 20,209
Investments	622,065	-	-
Accounts Receivable, Less \$5,000 Allowance in 1999.	647,743	8,290	-
Notes Receivable	-	-	-
Due From Other Funds	21,670	-	-
Property, Plant, and Equipment	-	-	-
TOTAL ASSETS	\$ 1,857,246	\$ 110,416	\$ 20,209

The notes to the financial statements are an integral part of this statement.

<u>LOAN FUNDS</u>	<u>PLANT FUND</u>		<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	<u>UNEXPENDED</u>	<u>INVESTMENT IN PLANT</u>	<u>1999</u>	<u>1998</u>
\$ 370	\$ 7,630	\$ -	\$ 696,103	\$ 751,188
-	-	-	622,065	591,592
-	-	-	656,033	708,311
4,407	-	-	4,407	4,677
-	16,284	-	37,954	157,372
-	-	2,140,425	2,140,425	2,131,984
<u>\$ 4,777</u>	<u>\$ 23,914</u>	<u>\$ 2,140,425</u>	<u>\$ 4,156,987</u>	<u>\$ 4,345,124</u>

MARION TECHNICAL COLLEGE
MARION COUNTY

BALANCE SHEET
AS OF JUNE 30, 1999

LIABILITIES AND FUND BALANCES:

CURRENT FUNDS

LIABILITIES:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>AGENCY FUNDS</u>
Accounts Payable	\$ 229,442	\$ -	\$ -
Accrued Salaries	221,934	-	-
Compensated Absences	138,521	-	-
Deferred Income	150,651	-	-
Tax Annuities Payable	-	-	-
Due to Others	-	-	20,209
Due to Other Funds	16,283	21,670	-
TOTAL LIABILITIES	\$ 756,831	\$ 21,670	\$ 20,209

FUND BALANCES:

Current Funds:			
Unallocated	\$ 1,100,415	\$ -	\$ -
Loan Funds:			
Loan Fund Balance	-	-	-
Restricted Funds:			
College Funds	-	88,746	-
Plant Funds:			
Unexpended Fund Balance	-	-	-
Investment in Plant	-	-	-
TOTAL FUND BALANCES	1,100,415	88,746	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,857,246	\$ 110,416	\$ 20,209

The notes to the financial statements are an integral part of this statement.

<u>LOAN FUNDS</u>	<u>PLANT FUND</u>		<u>TOTAL</u>	
	<u>UNEXPENDED</u>	<u>INVESTMENT IN PLANT</u>	<u>(MEMORANDUM ONLY)</u>	
			<u>1999</u>	<u>1998</u>
\$ -	\$ -	\$ -	\$ 229,442	\$ 322,024
-	-	-	221,934	222,881
-	-	-	138,521	125,666
-	-	-	150,651	170,748
-	-	-	-	4,030
-	-	-	20,209	32,209
-	-	-	37,953	157,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,710</u>	<u>\$ 1,034,930</u>
\$ -	\$ -	\$ -	\$ 1,100,415	\$ 997,166
4,777	-	-	4,777	7,241
-	-	-	88,746	162,638
-	23,914	-	23,914	11,165
-	-	2,140,425	2,140,425	2,131,984
<u>4,777</u>	<u>23,914</u>	<u>2,140,425</u>	<u>3,358,277</u>	<u>3,310,194</u>
<u>\$ 4,777</u>	<u>\$ 23,914</u>	<u>\$ 2,140,425</u>	<u>\$ 4,156,987</u>	<u>\$ 4,345,124</u>

MARION TECHNICAL COLLEGE
MARION COUNTY

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1999

<u>REVENUES AND OTHER ADDITIONS:</u>	<u>CURRENT FUND</u>		<u>AGENCY FUNDS</u>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	
Unrestricted Current Fund Revenues	\$ 3,080,678	\$ -	\$ -
State Appropriations	3,396,244	48,230	-
Federal Grants and Contracts	-	1,114,463	-
Private Gifts and Grants	-	128,841	-
Interest Income	62,762	-	-
Other Sources	43,573	-	-
Expended for Plant Facilities (current fund expenditures)	-	-	-
Total Revenues and Other Additions	6,583,257	1,291,534	-
<u>EXPENDITURES AND OTHER DEDUCTIONS:</u>			
Educational and General Expenditures	6,271,425	1,291,533	-
Expended for Plant Facilities	-	-	-
Total Expenditures and Other Deductions	6,271,425	1,291,533	-
<u>TRANSFERS AMONG FUNDS AND OTHER ADDITIONS:</u>			
Miscellaneous Adjustments	-	-	-
Transfers	(208,584)	-	-
Excess (Deficit) of Restricted Over Expenses	-	(73,893)	-
Total Transfers and Adjustments	(208,584)	(73,893)	-
NET INCREASE (DECREASE) FOR THE YEAR	103,248	(73,892)	-
FUND BALANCE - July 1, 1998	997,167	162,638	-
FUND BALANCE - June 30, 1999	\$ 1,100,415	\$ 88,746	\$ -

The notes to the financial statements are an integral part of this statement.

<u>LOAN FUNDS</u>	<u>PLANT FUND</u>		<u>TOTALS</u>	
	<u>UNEXPENDED</u>	<u>INVESTMENT IN PLANT</u>	<u>(MEMORANDUM ONLY)</u>	
			<u>1999</u>	<u>1998</u>
\$ -	\$ -	\$ -	\$ 3,080,678	\$ 2,677,764
-	12,220	-	3,456,694	3,610,316
-	-	-	1,114,463	1,132,171
-	-	-	128,841	104,199
100	938	-	63,800	67,036
-	1,963	-	45,536	97,766
-	-	210,714	210,714	124,698
100	15,121	210,714	8,100,726	7,813,950
-	-	-	7,562,958	7,375,647
-	210,957	-	210,957	133,438
-	210,957	-	7,773,915	7,509,085
(2,564)	-	(202,273)	(204,837)	-
-	208,584	-	-	-
-	-	-	(73,893)	10,073
(2,564)	208,584	(202,273)	(278,730)	10,073
(2,464)	12,748	8,441	48,081	314,938
7,241	11,166	2,131,984	3,310,196	2,995,256
\$ 4,777	\$ 23,914	\$ 2,140,425	\$ 3,358,277	\$ 3,310,194

MARION TECHNICAL COLLEGE
MARION COUNTY

STATEMENT OF CURRENT FUNDS REVENUES,
EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1999

EDUCATIONAL AND GENERAL

<u>Revenues:</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>
Tuition, Fees, and Other Student Charges	\$ 3,080,678	\$ -
State Appropriations	3,396,244	48,230
Federal Grants and Contracts	-	1,114,463
Private Gifts, Grants, and Contracts	-	128,840
Interest Income	62,762	-
Other Sources	43,573	-
	<hr/>	<hr/>
Total Revenues	6,583,257	1,291,533
	<hr/>	<hr/>
<u>Expenditures:</u>		
Instruction and Departmental Research	3,223,186	34,754
Academic Support	487,595	250,001
Student Services	723,217	1,006,778
Institutional Support	1,837,428	-
	<hr/>	<hr/>
Total Expenditures	6,271,426	1,291,533
	<hr/>	<hr/>
Net Increase before Mandatory Transfers	311,831	-
Mandatory Transfers and Adjustments		
Excess Revenues Over Expenditures	-	(73,893)
Mandatory Transfers	(208,584)	-
	<hr/>	<hr/>
Total Mandatory Transfers and Adjustments	(208,584)	(73,893)
	<hr/>	<hr/>
Net Increase (Decrease) in Fund Balances	\$ 103,247	\$ (73,893)
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

<u>1999</u>	<u>1998</u>
\$ 3,080,678	\$ 2,677,764
3,444,474	3,573,896
1,114,463	1,124,081
128,840	104,199
62,762	64,742
43,573	97,766
<hr/>	<hr/>
7,874,790	7,642,448
3,257,940	3,177,091
737,596	677,364
1,729,995	1,877,701
1,837,428	1,619,294
<hr/>	<hr/>
7,562,959	7,351,450
311,831	290,998
(73,893)	10,073
<hr/>	<hr/>
(208,584)	(75,000)
<hr/>	<hr/>
(282,477)	(64,927)
<hr/>	<hr/>
\$ 29,354	\$ 226,071

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The significant accounting policies followed by Marion Technical College are described below to enhance the usefulness of the financial statements to the reader.

A. Organization

Marion Technical College was created pursuant to Section 3357 of the Ohio Revised Code. The College's purpose is to provide instruction in post secondary education programs to its students. Those students who satisfactorily complete such programs receive certificates or associates degrees and are qualified to pursue careers in technical or professional fields.

B. Basis of Accounting

The financial statements of Marion Technical College have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for colleges and universities. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred, without regard to the time of receipt or payment. Depreciation, however is not provided for College assets in accordance with Government Accounting Standards Board Statement No. 8, Applicability of FASB Statement No. 93.

C. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to Marion Technical College, the accounts of the College are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

C. Fund Accounting (Continued)

Within each fund group, fund balances restricted by outside sources are so indicated, or distinguished from unrestricted funds allocated to specific purposes by actions of the Board of Trustees. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use on achieving any of its institutional purposes.

All accounts are classified into the following fund types:

- Current Funds
- Plant Funds
- Loan Funds
- Agency Funds

Current funds are available for current operations and are subdivided as follows:

Unrestricted Educational and General Funds are unrestricted and available for general operating purposes.

Restricted funds are available for current operating purposes but only in compliance with restrictions specified by donors or grantors.

Plant funds are stated at cost and are included in two self-balancing fund groups:

Unexpended funds include resources derived from various sources to finance the acquisition of long-life assets.

Investment in Plant includes all long-life assets in the service of the College and construction in progress. Physical properties, which include vehicles and equipment, are principally stated at cost. In accordance with generally accepted accounting principles for colleges and universities, depreciation is not provided.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

C. Fund Accounting (Continued)

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures of current funds, and additions to property and equipment in the plant funds, in the case of moveable equipment; or as current fund revenues and expenses in the case of third party grants solely for the purpose of buying equipment.

Loan Funds include resources of the College made available to students with the expectation that the amounts will be repaid.

Agency funds include resources held by the College on behalf of others in the capacity of custodian or fiscal agent.

D. Cash and Investments

Unrestricted cash is invested to the extent available in short-term investments which consist of certificates of deposit and the State treasurer's investment pool (STAR Ohio). Investments are stated at cost, which approximates their market value. If the market value of an investment declines below the College's basis, and such reduction in market value is believed to be permanent, the College reflects this reduction in the basis of the investment. Gains are recognized only as investments are sold.

The College has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

E. Accounts and Appropriations Receivable

These are monies that are earned and available at year end with a corresponding increase to the appropriate revenue.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

F. Notes Receivable

Represents money given to students as "financial aid" in anticipation of the repayment of the funds.

G. Accounts Payable

Represents obligations of the College at year end that will be paid after year end.

H. Due to/Due from other funds

Non-interest bearing borrowing payable generally within one year.

I. Accrued Salaries

Represents employee salaries earned in the current fiscal year, but not paid until after the fiscal year. This is a contractual obligation of the College.

J. Compensated Absences

With regard to compensated absences, the College recognizes a liability at year end for the amount which they reasonably expect to payout to those employees eligible to receive such benefits. The eligibility requirements for these benefits are more fully described in Note 9.

All accruals made by the College for compensated absences are done so in accordance with the guidelines outlined in GASB 16, Accounting for Compensated Absences.

K. Deferred Revenue

Monies collected for services rendered (mainly tuition) that will not be earned until the subsequent fiscal year.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

L. Budgetary

Annually the College develops a balanced budget for the College based on projected expenditures from department directors and anticipated revenue including tuition and fees and the subsidy from the Ohio Board of Regents. The Board of Trustees approves the budget.

M. Income Taxes

Marion Technical College is exempt from income taxes under Section 115 of the Internal Revenue Service Code, as a political subdivision.

N. Intergovernmental Revenue

Marion Technical College currently participates in various state and federal grant aid programs. Non-reimbursable type grants are recognized as revenue when measurable and earned. Reimbursable type grants are recognized as revenue when the related expenditures are incurred.

O. Total Columns in the Financial Statements

Total columns in the financial statements are presented only to facilitate financial analysis. Data in these columns do not represent financial positions, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

2. DEPOSITS AND INVESTMENTS

The investment and deposit of College monies is governed by the Ohio Revised Code. In accordance with the Ohio Revised Code, only banks located in Ohio and Ohio domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's monies is restricted to certificates of deposits, savings accounts, money market accounts, STAR Ohio, obligations of the United States government or certain agencies thereof and certain

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Industrial revenue bonds issued by other governmental entities. The College may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. The College Treasurer's Office is responsible for selecting depositories and investing funds. Protection for the College's deposits is provided by the federal deposit insurance corporation, qualified securities pledged in the name of the College and held at the federal reserve, or by a collateral pool created by the financial institution to cover all local governmental deposits. The face value of the pooled collateral must equal at least 110% of the public funds on deposit. At least quarterly the College determines that the collateral has a market value adequate to cover the deposits.

At year end, the carrying amounts of the College's deposits were \$698,103. The bank balance was \$867,706. Of the bank balances:

1. \$100,000 was covered by federal depository insurance.
2. \$767,706 was collateralized with pooled securities not in the College's name.

GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amount and market value of investments, classified by risk. The College's investments are categorized as either (1) insured or registered or for which the securities are held by the college or its agent in the College's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the College's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the College's name.

	<u>Carrying Amount</u>	<u>Market Value</u>
Star Ohio	\$620,065	\$620,065
Total	<u>\$620,065</u>	<u>\$620,065</u>

Star Ohio investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry forms.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

3. INVESTMENT IN PLANT

Investment in plant at June 30, 1999 was \$2,140,425. It is comprised of furniture, equipment, and vehicles. The College has no title to land or buildings due to the cost sharing agreement with the Marion branch of Ohio State University (See Note 5).

4. STATE SUPPORT

Marion Technical College is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available.

In addition to the current operating subsidies, the State of Ohio provides the funding for the construction of major plant facilities on Marion Technical College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn initiates the construction and subsequent lease of the facility by the Ohio Board of Regents. The Ohio Public Facilities Commission distributes construction funds to the College through appropriations. Upon completion of a facility, the Ohio Board of Regents transfers control to the college. Construction in progress for any portion of the facilities being financed by State agencies for use by the College is recorded on the College's books of account as costs are incurred. Such facilities are reflected as building or construction in progress in the accompanying balance sheet. Neither the obligation for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

5. ACCOUNTS PAYABLE - OSU COST SHARING

The College and the Marion Branch of the Ohio State University (OSU) share various common buildings and facilities. An agreement is renewed annually whereby the College is billed by OSU for various operating expenses. To date however, an agreement does not exist between the two parties for the current or past fiscal year. This is due to some disagreement on how the proposed billing formula will be calculated and billed to the College. Both sides have agreed though, that Marion Technical College will continue to pay OSU based on the fiscal year 1994-1995 agreement.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

6. DEFINED BENEFIT PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

Marion Technical College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. This report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The College's contributions to the plan for the years ending June 30, 1999, 1998, and 1997 were \$189,007, \$167,890, and \$165,475 respectively, equal to the required contributions for the year.

STATE TEACHERS RETIREMENT SYSTEM

Marion Technical College participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their covered annual salary and Marion Technical College is required to contribute 14%; 10.5 percent was the portion used to fund pension obligations.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

STATE TEACHERS RETIREMENT SYSTEM (Continued)

Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14% for employers. The College's required contributions for pension obligations to STRS for the fiscal year ended June 30, 1999, 1998, and 1997 were \$356,906, \$367,407, and \$323,286 respectively, equal to the required contributions for the year.

7. POST-EMPLOYMENT BENEFITS

The College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through School Employees Retirement System (SERS). Benefits include hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to 2 percent of covered payroll to a health care reserve fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients. For the School Employees Retirement System, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

7. POST-EMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 4.98% of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. The portion of the District's contributions that were used to fund postemployment benefits was \$67,230.

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 1999, the College has entered into contracts with various insurance agencies for various insurance, which includes the following types of insurance, amounts of coverage and the amount of the deductible:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Amount of Deductible</u>
Inland Marine	\$ 4,000	\$ 250
Employee Dishonesty Blanket	25,000	-
Automobile	1,000,000	500
School Board Trustee Liability	1,000,000	1,000
Equipment	2,010,000	250
General Liability	1,000,000	-

All employees of the College are covered by a blanket bond, while certain individuals in policy-making roles are covered by a separate, higher limit bond coverage. Settled claims have not exceeded commercial coverage in the past three years.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

9. COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending on length of service, except for faculty members, who earn no vacation leave. The policies of the College state that employees are paid for all earned, unused vacation leave at the time of termination of employment. Vacation leave is recognized as a liability in the period in which it is earned.

Sick leave is earned at the same rate for all employees, 15 days per year. It is payable, to individuals who retire, at the rate of one quarter of total sick days accumulated, not to exceed 120.

10. LEASE OBLIGATIONS

The College is involved in several leases for copiers on which payments are made monthly. The equipment is leased from both the Xerox Corporation and the Mansfield Typewriter Company. Agreements were entered into at various points in time and have lease terms ranging from 24 to 48 months. A summary of the obligations under these leases over the next four years, including interest, is presented as follows:

<u>June 30</u>	<u>Copiers</u>
2000	13,696
2001	7,944
2002	<u>7,944</u>
Total	<u>\$29,584</u>

11. CONTINGENT LIABILITIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. College management believes disallowances, if any will be immaterial.

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

12. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

Marion Technical College has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, and payroll and employee benefits.

The college has currently assessed, remediated, tested, and validated the changes needed to the computer systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the College is or will be Year 2000 ready, that the College's remediation efforts will be successful in whole or in part, or that parties with whom the College does business will be year 2000 ready.

<u>PROGRAM AWARD AMOUNT</u>	<u>GRANT BALANCE 7/1/98</u>	<u>FEDERAL RECEIPTS</u>	<u>FEDERAL DISBURSEMENTS</u>	<u>GRANT BALANCE 6/30/99</u>
\$ 791,758	\$ -	\$ 791,758	\$ 791,758	\$ -
48,767	-	48,767	48,767	-
50,000	(7,500)	32,063	24,563	-
50,000	-	17,684	25,184	(7,500)
21,250	-	20,152	20,152	-
21,250	-	4,319	4,319	-
	<u>(7,500)</u>	<u>74,218</u>	<u>74,218</u>	<u>(7,500)</u>
100,000	(11,537)	16,414	4,877	-
100,000	-	59,000	79,795	(20,795)
	<u>(11,537)</u>	<u>75,414</u>	<u>84,672</u>	<u>(20,795)</u>
10,408	(10,408)	10,408	-	-
10,571	-	-	10,571	(10,571)
	<u>(10,408)</u>	<u>10,408</u>	<u>10,571</u>	<u>(10,571)</u>
	<u>(29,445)</u>	<u>160,040</u>	<u>169,461</u>	<u>(38,866)</u>
	<u>\$ (29,445)</u>	<u>\$ 1,000,565</u>	<u>\$ 1,009,986</u>	<u>\$ (38,866)</u>

MARION TECHNICAL COLLEGE
MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROJECT NUMBER</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Student Financial Aid Cluster:		
Pell Grant Program	84.063	-
College Work Study Program	84.033	-
Passed through Ohio Department of Education:		
Vocational Education Basic Grants	84.048	064527-20-C2-98 064527-20-C2-99 064527-20-A5-98 064527-20-A5-99
Total Vocational Education Basic grants		
Technical Preparation Grant	84.243	064527-3E-97 064527-3E-97
Total Technical Preparation Grant		
Adult and Community Education Grant	84.002	064527-AB-S1-98 064527-AB-S1-99
Total Adult and Community Education Grant		
Total U.S. Department of Education		
TOTAL FEDERAL AWARDS (1)(2)		

MARION TECHNICAL COLLEGE
MARION COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

1. This schedule is presented on a cash basis of accounting. Federal funds are determined to be on a first-in, first-out basis.
2. The approximate amount of Guaranteed Student Loan (Stafford Loan (84.032)) money received in 1999, was \$525,500 which is not required to be reflected in the Schedule of Federal Awards. This amount represents loans approved in the current year and the prior year and has been subjected to all applicable audit procedures.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Marion Technical
Marion, Ohio

We have audited the financial statements of the Marion Technical College as of and for the year ended June 30, 1999, and have issued our report thereon dated December 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not

Marion Technical College
Marion County

reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the College in a separate letter dated December 21, 1999.

This report is intended for the information and use of the audit committee, management, Board of Trustees, and the U.S. Department of Education and is not intended and should not be used by anyone other than these specified parties.

December 21, 1999

Dutton & Company

Guillan & Company

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Marion Technical College
Marion, Ohio

Compliance

We have audited the compliance of Marion Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The College's major federal programs are identified in the summary of auditor's results, section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Marion Technical College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Marion Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Marion Technical College
Marion County**

Internal Control Over Compliance

The management of the Marion Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Trustees, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

December 21, 1999

Y. W. L. Company

MARION TECHNICAL COLLEGE
MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Marion Technical College.
2. No reportable conditions were disclosed during the audit of the financial statements of Marion Technical College.
3. No instances of noncompliance material to the financial statements of Marion Technical college were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Marion Technical college expresses an unqualified opinion.
6. No audit findings relative to the major programs for Marion Technical College were disclosed during the audit.
7. The programs tested as major included: Federal Family Education Loan Program (84.032), Federal Work Study (84.033), and Federal Pell Grant Program (84.063)
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Marion Technical College was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

none

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

none

MARION TECHNICAL COLLEGE
MARION COUNTY

GENERAL COMMENTS

The audit report was reviewed with and acknowledged by the following officials on December 21, 1999.

Doug Boyer
John Martin

Vice President of Business
Controller

These officials were informed that they had five working days for the Auditor of State and sixty days for the federal government from the date of the post audit conference to respond to, or contest, in writing, the contents of this report. No such response was received.

College personnel were very cooperative and available for questions and assistance during regular working hours. Records were well organized and maintained.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MARION TECHNICAL COLLEGE
AND
MARION TECHNICAL COLLEGE DEVELOPMENT FUND

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: JAN 20 2000

MARION TECHNICAL COLLEGE
DEVELOPMENT FUND

MARION COUNTY

Guillan & Company

**MARION TECHNICAL COLLEGE
DEVELOPMENT FUND**

MARION COUNTY

**AUDITED GENERAL PURPOSE
FINANCIAL STATEMENTS AND
AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 1999**

MARION TECHNICAL COLLEGE
MARION COUNTY

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Independent Auditor's Report

Board of Directors
Marion Technical College Development Fund
Marion, Ohio 43302

We have audited the accompanying statement of financial position of the Marion Technical College Development Fund, a nonprofit organization, as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Development Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marion Technical College Development Fund as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 1999 on our consideration of the Development Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Guillan & Company

December 21, 1999

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

STATEMENT of FINANCIAL POSITION
JUNE 30, 1999

ASSETS:

Cash and Cash Equivalents	\$ 2,298
Long-Term Investments	<u>815,179</u>
TOTAL ASSETS	<u><u>\$817,477</u></u>

LIABILITIES AND FUND BALANCES:

Net Assets:

Unrestricted	\$817,477
Total Fund Balances	<u>817,477</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$817,477</u></u>

The accompanying notes are an integral part of these financial statements.

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

STATEMENT of ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>UNRESTRICTED</u>
<u>Support and Revenue:</u>	
<u>Support:</u>	
Scholarship/Grant Fund	\$ 32,860
Other Income	3,080
Interest Income	435
Dividend Income	21,581
Realized Gains (net of losses)	13,403
Unrealized Gains (net of losses)	<u>39,711</u>
Total Support	<u>111,070</u>
<u>Expenses:</u>	
Bank Charges	78
Scholarships	44,870
Accounting Fees	575
Investment Fees	80
Foreign Dividend Tax	3
State Fees	<u>100</u>
Total Expenses	<u>45,706</u>
Change in Net Assets	65,364
Net Assets, July 1, 1998	<u>752,113</u>
Net Assets, June 30, 1999	<u>\$ 817,477</u>

The accompanying notes are an integral part of these financial statements.

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:

Increases in Net Assets	\$ 65,364
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Unrealized Gains on Investments	<u>(39,711)</u>
Net Cash Provided By Operating Activities	<u>25,653</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment in Securities	<u>(50,166)</u>
Net Cash (Used) By Investing Activities	<u>(50,166)</u>
Net Increase in Cash and Cash Equivalents	(24,513)
Cash and Cash Equivalents - July 1, 1998	<u>26,811</u>
Cash and Cash Equivalents - June 30, 1999	<u><u>\$ 2,298</u></u>

The accompanying notes are an integral part of these financial statements.

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Marion Technical College Development Fund is organized and is operated exclusively for educational, scientific, or charitable purposes by conducting and supporting activities which benefit, or carry out the purpose of the Marion Technical College Development Fund (herein, "the College"). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Marion Technical College Development Fund is empowered to exercise all rights and powers conferred by the laws of Ohio upon nonprofit corporations.

Basis of Accounting - The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Income Taxes - The Marion Technical College Development Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes. It is however, required to file annually, IRS Form 990, which reports the activity of the Foundation during the year.

Cash Equivalents - For purposes of the statement of cash flows, the Development Fund considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Fair value approximates carrying amounts.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments - The Foundation maintains an investment account at United Bank, which consists of U.S. obligations and other equity securities for the purpose of long term investment. These investments represent restricted funds which the Foundation is holding in accordance with the terms of an endowment or other restricted contribution. During the fiscal year, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments - (Continued)

Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are recognized in the change in net assets. The value of the investment, stated at market, at year end June 30, 1999 was \$815,180. Unrealized gains recorded for the year were \$39,711.

Promises to Give – For the 1999 fiscal year, contributions are recognized when the donor makes a promise to give to the Development Fund.

Contributions - The Development Fund has also adopted SFAS No 116, "Accounting for Contributions Received and Contributions Made" in 1999. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Financial Statement Presentation - In 1999, the Development Fund adopted SFAS No. 117, "Financial Statements of Not -for- Profit Organizations". Under SFAS No. 117 the Development Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Development Fund is required to present a statement of cashflows. As permitted by this new statement, the Development Fund has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

Functional Allocation of Expenses - The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Marion Technical College Development Fund
Marion, Ohio 43302

We have audited the financial statements of the Marion Technical College Development Fund for the year ended June 30, 1999, and have issued our report thereon dated December 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Development Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Marion Technical College Development Fund
Marion County**

This report is intended for the information and use of management and the Auditor of State and is not to be and should not be used by anyone other than these specified parties.

December 21, 1999

A handwritten signature in cursive script, appearing to read "Denton & Company".

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Marion Technical College Development Fund.
2. No reportable conditions were disclosed during the audit of the financial statements of the Marion Technical College Development Fund.
3. No instances of noncompliance material to the financial statements of the Marion Technical College Development Fund.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

none

MARION TECHNICAL COLLEGE DEVELOPMENT FUND
MARION COUNTY

GENERAL COMMENTS

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on December 21, 1999:

Teresa Parker	Assistant to the President
Doug Boyer	Vice President of Business
John Martin	Controller

These officials were informed that they had five working days for the Auditor of State from the date of the post audit conference to respond to, or contest, in writing, the contents of this report. No such response was received.

Foundation personnel were very cooperative and available for questions and assistance during regular working hours. Records were exceptionally well organized and maintained.