

**BELMONT TECHNICAL COLLEGE
BELMONT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Belmont Technical College
120 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying Balance Sheet of Belmont Technical College, Belmont County, Ohio, (the College) as of and for the year ended June 30, 1999, and the related statements of Changes in Fund Balances and Current Funds' Revenue, Expenditures and Other Changes, as listed in the table of contents. These financial statements are the responsibility of the 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 the College, as of June 30, 1999, and the Changes in Fund Balances and its Current Funds' Revenue, 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 our report December 10, 1999, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the College, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 stated, in all material respects, in relation to the financial statements taken as a whole.



JIM PETRO
Auditor of State

December 10, 1999

BELMONT TECHNICAL COLLEGE
Belmont County
STATEMENT OF CHANGES IN FUND BALANCES
for the Fiscal Year Ended June 30, 1999

	Current Funds										Plant Funds			Total All Funds				
	Current Unrestricted Fund					Current Restricted Fund					Total Current Funds	Endowment Fund	Unexpended		Investment in Plant	Renewals and Replacements	Total Plant Fund	
	Education and General	Auxiliary Enterprises	Unappropriated	Appropriated	Total	Unappropriated	Appropriated	Restricted	Total	Unexpended								Investment in Plant
Revenue and Other Additions:																		
Unrestricted Revenue	8,137,577.50	-	623,752.51	-	8,761,330.01	-	-	-	-	8,761,330.01	-	-	-	-	-	-	-	8,761,330.01
Federal Grants and Contracts	-	-	-	-	-	1,601,279.55	-	-	1,601,279.55	1,601,279.55	-	-	-	-	-	-	-	1,601,279.55
State Appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96,288.00
State Grants and Contracts	-	-	-	-	-	654,926.48	-	-	654,926.48	654,926.48	-	-	-	-	-	-	-	654,926.48
Private Gifts, Grants, and Contracts	-	-	-	-	-	8,360.00	-	-	8,360.00	8,360.00	24,527.20	-	-	-	-	-	-	32,887.20
Investment Income	-	-	-	-	-	-	-	-	-	-	3,945.12	-	-	-	-	-	-	9,310.57
Expended for Plant Facilities (including \$547,452.78 charged to Current Fund Expenditures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	547,452.78	-	-	547,452.78
Total Revenue and Other Additions	8,137,577.50	-	623,752.51	-	8,761,330.01	2,264,566.03	-	-	2,264,566.03	11,025,896.04	28,472.32	105,598.57	-	-	547,452.78	-	653,051.35	11,707,419.71
Expenditures and Other Deductions:																		
Educational and General Expenditures	8,027,808.78	71,092.42	-	-	8,098,901.20	2,232,961.07	31,435.02	2,264,396.09	10,363,297.29	1,300.00	-	-	-	-	-	-	-	10,364,597.29
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,190.00	-	-	19,190.00
Auxiliary Enterprises Expenditures	-	-	554,719.62	25,801.94	580,521.56	-	-	-	580,521.56	-	-	-	-	-	-	-	-	580,521.56
Total Expenditures and Other Deductions	8,027,808.78	71,092.42	554,719.62	25,801.94	8,679,422.76	2,232,961.07	31,435.02	2,264,396.09	10,943,818.85	1,300.00	-	-	-	19,190.00	-	-	19,190.00	10,964,308.85
Nonmandatory Transfers:																		
Other Additions (Deductions):																		
Reserve for Encumbrances	(31,483.92)	31,483.92	115.54	(115.54)	-	(8,753.50)	8,753.50	-	-	-	-	-	-	-	-	-	-	-
Board Appropriations Position Searches	-	(12,724.16)	-	-	(12,724.16)	-	-	-	(12,724.16)	-	-	-	-	-	-	-	-	(12,724.16)
Proceeds from Sale of Asset	-	-	-	-	-	24,940.00	-	24,940.00	24,940.00	-	-	-	-	-	-	-	-	24,940.00
Total Nonmandatory Transfers	(31,483.92)	18,759.76	115.54	(115.54)	(12,724.16)	16,186.50	8,753.50	24,940.00	12,215.84	-	-	-	-	-	-	-	-	12,215.84
Net Increase (Decrease) for the Year	78,284.80	(52,332.66)	69,148.43	(25,917.48)	69,183.09	47,991.46	(22,681.52)	25,109.94	94,293.03	27,172.32	105,598.57	528,262.78	-	-	633,861.35	-	755,326.70	
Fund Balance at Beginning of Year	797,907.29	121,114.63	825,164.15	28,802.68	1,772,988.75	342,176.27	33,034.15	375,210.42	2,148,199.17	89,689.06	101,440.81	9,820,371.10	314,386.13	10,236,198.04	12,474,086.27	-	-	12,474,086.27
Fund Balance at End of Year	876,192.09	68,781.97	894,312.58	2,885.20	1,842,171.84	389,967.73	10,352.63	400,320.36	2,242,492.20	116,861.38	207,039.38	10,348,633.88	314,386.13	10,870,059.39	13,229,412.97	-	-	13,229,412.97

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

BELMONT TECHNICAL COLLEGE
Belmont County
Statement of Current Fund Revenues, Expenditures, and Other Changes
for the Fiscal Year Ending June 30, 1999

	Current Unrestricted Fund				Current Restricted Fund				Total Current Fund
	Educational and General		Auxiliary Enterprises		Unrestricted		Restricted		
	Unappropriated	Appropriated	Unappropriated	Appropriated	Unappropriated	Appropriated	Unappropriated	Appropriated	
Revenue:									
Tuition and Fees	3,330,348.42	-	-	-	3,330,348.42	-	-	-	3,330,348.42
State Appropriations	4,626,766.00	-	-	-	4,626,766.00	-	-	-	4,626,766.00
State Grants and Contracts	25,805.76	-	-	-	25,805.76	630,583.75	-	630,583.75	656,389.51
Federal Grants and Contracts	1,386.33	-	-	-	1,386.33	1,593,413.43	-	1,593,413.43	1,594,799.76
Sales and Services	153,270.99	-	623,752.51	-	623,752.51	-	-	-	623,752.51
Other Sources	8,137,577.50	-	623,752.51	-	8,761,330.01	2,232,961.07	-	2,232,961.07	10,994,291.08
Total Revenues									
	3,144,302.64	1,445.37	-	-	3,145,748.01	-	-	-	3,145,748.01
Instructional	18,049.42	-	-	-	18,049.42	150,544.99	-	150,544.99	168,594.41
Public Service	1,203,187.45	53,881.52	-	-	1,257,068.97	83,264.86	31,015.64	114,280.50	1,371,349.47
Academic Support	1,165,776.33	601.25	-	-	1,166,377.58	79,158.68	419.38	79,578.06	1,245,955.64
Student Services	1,211,603.78	1,278.71	-	-	1,212,882.49	468,268.98	-	468,268.98	1,681,151.47
Institutional Support	769,989.82	13,885.57	-	-	783,875.39	-	-	-	783,875.39
Operation and Maintenance of Plant	514,899.34	-	-	-	514,899.34	1,451,723.56	-	1,451,723.56	1,966,622.90
Scholarships and Grants	8,027,808.78	71,092.42	-	-	8,098,901.20	2,232,961.07	31,435.02	2,264,396.09	10,363,297.29
Total Educational and General									
	-	-	554,719.62	25,801.94	580,521.56	-	-	-	580,521.56
Auxiliary Enterprises	8,027,808.78	71,092.42	554,719.62	25,801.94	8,679,422.76	2,232,961.07	31,435.02	2,264,396.09	10,943,818.85
Total Expenditures									
	(31,483.92)	31,483.92	115.54	(115.54)	-	(8,753.50)	8,753.50	-	-
Nonmandatory Transfers and Other Additions (Deductions):									
Reserve for Encumbrances	-	-	-	-	-	-	-	-	-
Board Appropriations	-	(12,724.16)	-	-	(12,724.16)	24,940	-	24,940.00	(12,724.16)
Board Appropriation Position Searches	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	-
Excess Transfers from Revenue over Restricted Receipts	-	-	-	-	-	31,604.96	-	31,604.96	31,604.96
Total Transfers	(31,483.92)	18,759.76	115.54	(115.54)	(12,724.16)	47,791.46	8,753.50	56,544.96	43,820.80
Net Increase(Decrease) in Fund Balance:	78,284.80	(52,332.66)	69,148.43	(25,917.48)	69,183.09	47,791.46	(22,681.52)	25,109.94	94,293.03

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

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

Belmont Technical College is a body politic and corporate established for the purposes of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. Belmont Technical College is a technical college as defined by Section 3357.01 of the Ohio Revised Code. The College operates under an appointed Board of Trustees.

Management believes the financial statements included in this report represent all of the funds of the College over which the College has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis Of Accounting and Presentation

The financial statements of the College have been prepared on the accrual basis and in accordance with generally accepted accounting principles and the principles of fund accounting for educational institutions. Fund accounting is a concept in which legal and other restraints require the recording of specific receipts and disbursements in separate funds according to those restrictions. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are recorded and reported by such fund groups

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from internally designated and unrestricted funds. Restricted funds may only be utilized in accordance with the purpose established by the source of such funds. Internally designated funds are restricted funds that, at the discretion of the board of trustees, have been designated for specific purposes.

Unrestricted and internally designated funds are accounted for initially in the unrestricted current fund group, and then in the fund group designated by the board of trustees. Restricted revenues are accounted for in the appropriate restricted fund and are reported as revenues when utilized for current operating purposes. All gains and losses arising from the sale, collection or other disposition of investments and non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets.

To the extent current funds are used to finance long term assets, the amounts so provided are accounted for as expenditures in the case of normal replacement of equipment, library books and furniture.

B. Fund Groups

For financial statement presentation purposes, the various funds of the College are grouped into the following generic fund types.

Current Fund - Unrestricted - The Unrestricted Current Fund includes resources to be used for the primary operation of the College and have not been restricted by the Board of Trustees for other purposes. The fund is used to account for transactions relating to the primary and supporting

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

objectives of the College. Included in this fund group is the Auxiliary Fund, which is used to account for transactions relating to the College's book store.

Current Fund - Restricted - The Restricted Current Fund accounts for resources that are available to finance current operations of the College but whose use has been restricted by donors and other external agencies to the specific activity for which they can be expended.

Pell Grant monies received by the College on behalf of eligible students are used by the students to pay tuition and other educational expenses. When Pell Grant monies are received from the federal government, they are recorded as Educational and General Restricted income. Awarded amounts are then applied against each student's account receivable balance. Amounts in excess of the student's receivable balance are paid directly to the student. Awarded amounts are recorded as expenses of the Restricted Fund.

Endowment Fund - The Endowment Fund is used to account for resources with respect to which donors or other outside agencies have stipulated as a condition of the gift or donation, that the principal is to be maintained indefinitely and invested for the purpose of producing income which may either be expended for the stipulated purpose or added to the principal.

Plant Funds - The Plant Funds are used to record transactions relating to the College's plant assets. The Plant Fund group is comprised of three self-balancing funds. They are:

- (1) *Renewals and Replacement Fund* - This fund is used to account for resources set aside for renewal and the replacement (improvement) of the College's fixed assets.
- (2) *Investment in Plant Fund* - This fund is used to account for the resources expended, and thus invested, in the fixed assets of the College.
- (3) *Unexpended Plant Fund* - This fund is used to account for the Capital Component Subsidy certificate of deposit and related interest earnings.

C. Budgetary Process

The budget is annual plan for the financial operations of the College that establishes a basis of control and evaluation of activities financed through the current funds of the College. Formal adoption of the budget into the accounting records is not legally mandated and thus, the College does not integrate the budget into its accounts.

Appropriations:

To provide control over expenditures, a budget is prepared by the Dean of Administrative Services with input from other administrative deans and presented to the Board of Trustees for their approval near the beginning of the fiscal year. To account for major developments that occur during the first six months, a revised budget may be prepared and presented to the Board for their approval in January of the same fiscal year.

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

Encumbrances:

The College utilizes an encumbrance system of accounting to record outstanding purchase orders and other commitments for materials or services as a measure of budgetary control over appropriations. At the end of the reporting period, amounts encumbered are reported as appropriated fund balance.

D. Cash and Cash Equivalents

To improve cash management, cash received by the College is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the College's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

E. Short-Term Investments

In accordance with the "Policies of the Board of Trustees of Belmont Technical College", the Dean of Administrative Services is authorized to invest temporary idle funds of the College in federally insured financial institutions within the College district and in issues of the United States Treasury.

Investments, when purchased, are stated at cost and, if received through gift, at market value at the date of gift if a market value is available.

For financial statement presentation purposes, any investment with a maturity date of greater than six months but less than twenty-four months at acquisition is considered a short-term investment. During fiscal year 1999, the College's investments were limited to certificates of deposit.

F. Inventory

Inventory balances recorded in the Auxiliary Enterprise Fund are stated at historical cost under the first-in, first-out cost flow assumption method.

G. Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in the Current Unrestricted Fund or Plant Fund, and related assets are reported in the Plant Fund. Property, plant and equipment are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The College maintains a capitalization threshold of two thousand dollars. The College follows the general educational practice of not providing for depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized.

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

H. Allowance For Doubtful Accounts

The allowance account is determined by a percentage of year-end accounts receivable balance.

I. Compensated Absences

The College has adopted GASB No. 16.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:

- a. The employee's right to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave and other compensated absences with similar characteristics (hereinafter referred to as "sick leave") should be accrued using one of the following termination approaches:

- a. The sick leave liability generally would be an estimate based on a governmental entity's past experience of making termination payments for sick leave, adjusted for the effects of changes in its termination payment policy and other current factors. This approach is known as the termination payment method.
- b. The sick leave liability would be an accrual for those employees expected to become eligible in the near future based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is know as the vesting method.

For sick leave liability, the College uses the vesting method. The College posts a liability for any employee within five years of retirement. These accumulations are reduced to the maximum amount allowed as a termination payment.

J. Financial Statement

The "Statement of Current Funds Revenues, Expenditures and Other Changes" is a statement of financial activity of current funds related to the current reporting period. This statement is presented in two sections to separately account for unrestricted funds over which the Board has full control as to the use in achieving any of its institutional purposes, in contrast to restricted current funds, whose use is limited to specific activities or objectives. Unrestricted revenues reported in this statement represents funds available for current operating needs, while restricted revenues represent only those funds utilized to meet current year expenditures. Certain other current fund expendable resources received during the year will be reported as revenues when expended in future periods in accordance with their terms.

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

K. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

L. Deferred Revenue

Is tuition revenue received for summer and fall quarters in which the majority of the quarter falls outside of the Balance Sheet date.

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCE

A prior period adjustment was made to the Investment in Plant Fund due to a building not being recorded. Buildings in the Investment in Plant Fund increased from \$5,394,727 to \$5,418,727, as of July 1, 1998. The balance in the Investment in Plant Fund increased to \$9,844,371 as of July 1, 1998.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the College into three categories.

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the College treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim monies may be deposited or invested in the following securities:

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand At year end, the College had \$865 in undeposited cash on hand which is included on the balance sheet of the College as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end the carrying amount of the College's deposits was \$2,619,243 and the bank balance was \$2,888,669. Of the bank balance:

1. \$314,766 was covered by federal depository insurance; and

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

2. \$2,573,903 was uninsured and uncollateralized. Although the collateral for the securities was held by the pledging financial institutions' trust department in the College's name and all state statutory requirements for the deposit of the money had been followed, non-compliance with Federal requirements would potentially subject the College to a successful claim by the Federal Deposit Insurance Corporation.

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and the classifications of deposits and investments presented above per GASB Statement No 3 is as follows:

	Cash and Cash Equivalents/Deposits	Short-Term Investments
GASB Statement 9	\$693,836	\$1,926,272
Investments:		
Certificates of Deposit	1,926,272	(1,926,272)
Total GASB Statement 3	\$2,620,108	\$0

NOTE 5 - STATE SUPPORT

The College is a state-assisted institution of higher education which receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents.

In addition to the student subsidies, the State of Ohio provides the funding for the construction of major plant facilities on the College's campus. The funding is obtained from the issuance of special obligation bonds issued by the Ohio Public Facilities Commission (OPFC), which proceeds in turn causes the construction and subsequent lease of the facility to the Ohio Board of Regents. Upon completion of a facility, the Board of Regents turns over control to the College, which capitalizes the cost thereof.

Neither the obligation for special obligation 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. These costs are currently being funded through appropriations to the Board of Regents by the General Assembly.

The facilities are not pledged as collateral for the special obligation bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

- A. Construction in progress for any portion of the facilities being financed by state agencies for

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

use by the College should be recorded on the College's books of account until such time as the facility is completed.

- B. Outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Board of Regents for payment of debt service are not reflected as appropriation revenue received by the College, and the related debt service payments are not recorded in the College's accounts.

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999, consisted of accounts (student fees), interfund receivables and interest.

NOTE 7 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Restated Balance at 7/1/98	Additions	Deletions	Balance at 6/30/99
Land	\$1,000	\$0	\$0	\$1,000
Buildings	5,418,727	0	24,000	5,394,727
Improvements Other Than				
Buildings	619,736	464,412	0	1,084,148
Equipment, Furniture and				
Library Books	3,804,908	83,041	19,190	3,868,759
Total	<u>\$9,844,371</u>	<u>\$547,453</u>	<u>\$43,190</u>	<u>\$10,348,634</u>

NOTE 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 fiscal year 1999, the College contracted with Republic Franklin Insurance Company for commercial property insurance. The policy includes \$1,000 deductible.

Professional and general liability is protected by Republic Franklin Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Republic Franklin Insurance Company and hold a \$0 deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

The College pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

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 College rate is 14 percent of annual covered payroll. A portion of the College's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The College's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$170,021, \$166,360 and \$169,398, respectively.

B. State Teachers Retirement System

The College contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The College was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The College's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$481,222, \$445,048 and \$412,836, respectively.

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - POSTEMPLOYMENT 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-exempt employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. 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 SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400.

The surcharge, added to the unallocated portion of the 14 percent 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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), 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.

NOTE 11 - EMPLOYEE BENEFITS

A. Other Insurance

The College contracts with a local health management organization, Health Assurance HMO and Health

**Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999**

Assurance PPO, for hospitalization and major medical insurance for all employees. The College pays monthly premiums of up to \$569.04 for family coverage and up to \$227.51 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 12 - DUE TO/FROM OTHER FUNDS

As of June 30, 1999, due to other funds and due from other funds that resulted from various interfund transactions were as follows:

Fund Type/Fund	Due to Other Funds	Due from Other Funds
Current Unrestricted:		
Educational & General	\$959,930	\$211,761
Auxiliary	0	645,544
Restricted	211,761	0
Plant Funds:		
Replacement	0	314,386
Total All Funds	\$1,171,691	\$1,171,691

NOTE 13 - DEVELOPMENT FUND

Belmont Technical College's Development Fund is a separate fund from the operating and capital funds of the College. The fund was created by Resolution 79-2 of the Belmont Technical College Board of Trustees for the purpose of receiving gifts or donations from individuals, agencies, firms, or groups, and proportionate income from vending operations. The fund is to be used at the President's discretion for supporting activities which serve to promote the interests of Belmont Technical College. No audit work has been performed over receipt and disbursements of the Development Fund. This activity is not reflected in the financial statements.

Beginning Balance @ July 1, 1998 **\$25,385**

Receipts:

Vending/Food Service Revenue	14,337	
Promotional Fees	2,687	
Transfers-in from Endowment Fund	1,300	
Miscellaneous	137	
Total Receipts		18,461

Disbursements:

Belmont Technical College
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 1999

College Promotion	3,598	
Scholarships	1,300	
Employee/Student Relations	11,315	
Miscellaneous	3,740	
	<hr/>	
Total Disbursements		19,953
		<hr/>
Ending Balance @ 6/30/99		\$23,893
		<hr/> <hr/>

NOTE 14 - CONTINGENCIES

A. Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Current Unrestricted Educational and General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 1999.

B. Litigation

The College is currently not party to and legal proceedings.

NOTE 15 - YEAR 2000

The Year 2000 issue is a 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.

The College has completed an inventory of computer systems and other equipment necessary to conducting College operations and has identified such systems as being financial reporting, payroll and employee benefits, and various programs utilized on College desktop computers.

The State of Ohio remits State appropriation money to the College. The State of Ohio is responsible for remediating its revenue distribution system.

In addition, the College's internal desktop computers are currently considered to be Year 2000 compliant.

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 successful in whole or in part, or that parties with whom the College does business will be Year 2000 ready.

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**BELMONT TECHNICAL COLLEGE
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Student Financial Assistance Cluster:</i>			
Federal Family Education Loan Program (See Note A)		84.032	\$793,216
Federal Pell Grant Program		84.063	1,410,435
Federal Work Study		84.033	<u>35,495</u>
Total Student Financial Assistance Cluster			2,239,146
<i>Passed Through Ohio Department of Education:</i>			
Vocational Education Basic Grant		84.048	<u>44,859</u>
Total U.S. Department of Education			2,284,005
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Care Food Program		10.558	<u>1,386</u>
Total U.S. Department of Agriculture			1,386
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Preservation Technology Training Grant		15.915	<u>5,462</u>
Total U.S. Department of Interior			5,462
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$2,290,853</u>

Note A - Guaranteed Student Loans

During the fiscal year ended June 30, 1999, the College processed new loans under the Guaranteed Student Loan Program. A not-for-profit guaranty agency acts as the lender for the College. The amount shown only reflects the fiscal year amount that has been certified by the College.

Note B - Federal PELL Distribution

PELL grant money distributed to the College's Unrestricted and Auxiliary Funds for tuition and fees was \$686,988, and the amount distributed to students was \$723,447.

Note C - Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures summarizes activity of the College's federal awards programs. The schedule has been prepared on the cash basis of accounting.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Belmont Technical College
120 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the financial statements of Belmont Technical College, Belmont County, Ohio, (the College) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of Belmont Technical College in a separate letter dated December 10, 1999.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the College's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item number 1999-71007-001.

A material weakness is a condition in which the design or operation of one or more of 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. 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. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Belmont Technical College in a separate letter dated December 10, 1999.

This report is intended for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized, handwritten "X" mark.

JIM PETRO
Auditor of State

December 10, 1999



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Belmont Technical College
120 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Board of Trustees:

Compliance

We have audited the compliance of Belmont Technical College, Belmont County, Ohio, (the 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 its major federal program for the year ended June 30, 1999. The College's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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.

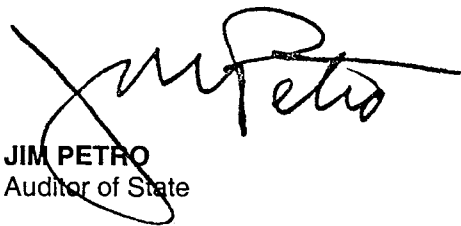
In our opinion, the Belmont Technical College complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the 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 compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

December 10, 1999

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Assistance Cluster - CFDA #84.063, 84.033, 84.032
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

JUNE 30, 1999
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	1999-71007-001
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Reportable Condition

Property, Plant and Equipment Records

The College does not properly maintain any detailed inventory listing or subsidiary ledger for fixed assets. The source information for the fixed assets is attached to the journal entry sheet for the year of addition. It would be very time-consuming for the College to compile a complete listing of fixed assets to support the amounts listed on the Balance Sheet. The College's EDP department has an inventory listing of computers and computer-related peripherals. As a result, the College can not perform a physical inventory and trace fixed asset items to a detailed listing. This condition could allow amounts reported on the balance sheet to be inaccurate and premiums paid for insurance coverage to be inflated.

We recommend the College create a data list of all fixed assets. The inventory records should contain, but not be limited to, the following information: inventory control tag number, descriptions of the item, the vendor's name, date acquired, quantity, acquisition cost, location (where situated or stored), disposal date, and amount acquired if traded-in or sold. Additionally, an annual physical count of all inventory items should be performed to ensure agreement with control records.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 1999**

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
1998-71007-001	Fixed Asset Subsidiary Ledger	No	No corrective action taken to date. Vice-President of Administrative Services has met and will also continue to meet with the Board of Trustees about hiring a consulting firm to prepare fixed asset listing for the College.
1998-71007-002	Year 2000 Compliance	Yes	System hardware and applicable software have been made compliant for the Year 2000 issue per system hardware upgrade and compliant software upgrade

**CORRECTIVE ACTION PLAN
JUNE 30, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-71007-001	The College plans to hire a consulting firm to prepare a fixed asset listing	June 30, 2000	John Clymer, Vice-President of Administrative Services



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BELMONT TECHNICAL COLLEGE
BELMONT 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*
Clerk of the Bureau

Date: **JAN 13 2000**