HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of the Hocking Technical College, Athens County, Ohio (the College), as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Hocking Technical College, Athens County, as of June 30, 2001, and the revenues, expenditures, and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the College adopted Governmental Accounting Standards Board Statement 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the College, taken as a whole. The accompanying financial information listed as supporting schedules, including the Schedule of Federal Awards Receipts and Expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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 presented, in all material respects, in relation to the financial statements taken as a whole.

Jim Petro
Auditor of State

November 28, 2001

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HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

BALANCE SHEET
JUNE 30, 2001

ASSETS		
Current Funds		
Current Unrestricted Funds:		
Educational and General:		
Equity in Pooled Cash and Investments	$ 1,243,486	
Due from Current Funds - Unrestricted - Auxiliary Enterprises	659,822	
Accounts Receivable	960,840	
Intergovernmental Receivable	8,489	
Inventory Available - At Cost	106,694	
Total Educational and General		$ 2,979,331
Auxiliary Enterprises:		
Equity in Pooled Cash and Investments	52,444	
Accounts Receivable/ Accrued Interest	162,323	
Prepaid Expenses and Book Credits	82,933	
Inventory, at Cost and Other Assets	727,438	
Total Auxiliary Enterprises		1,025,138
Total Current Unrestricted Funds		4,004,469
Current Restricted Funds:		
Equity in Pooled Cash and Investments	1,819,958	
Accrued Interest Receivable	4,149	
Intergovernmental Grant Receivable	203,882	
Total Current Restricted Funds		2,027,989
Total Current Funds		**$ 6,032,458**
Loan Fund		
Equity in Pooled Cash and Investments	$ 15,217	
Notes Receivable	109	
Total Loan Fund		**$ 15,326**
Quasi-Endowment Fund		
Equity in Pooled Cash and Investments	$ 2,407,575	
Accrued Interest Receivable	18,127	
Total Quasi-Endowment Fund		**$ 2,425,702**

LIABILITIES AND FUND BALANCES

Current Funds		
Current Unrestricted Funds:		
Educational and General:		
Accounts Payable - Payroll Liabilities	$ 706,373	
Compensated Absences Payable	682,004	
Accrued Faculty Payroll Liabilities	730,957	
Accounts Payable	56,514	
Fund Balance - Unallocated	675,138	
Fund Balance - Allocated	128,345	
Total Educational and General		$ 2,979,331
Auxiliary Enterprises:		
Equity Due to General Account	13,200	
Accounts Payable	80,108	
Due to Current Funds - Unrestricted - Educational and General	659,822	
Fund Balance - Unallocated	272,008	
Total Auxiliary Enterprises		1,025,138
Total Current Unrestricted Funds		4,004,469
Current Restricted Funds:		
Accounts Payable	85,163	
Fund Balance - Unallocated	1,236,234	
Fund Balance - Allocated	706,592	
Total Current Restricted Funds		2,027,989
Total Current Funds		**$ 6,032,458**
Loan Fund		
Fund Balance - Unallocated	$ 15,236	
Total Loan Fund		**$ 15,236**
Quasi-Endowment Fund		
Fund Balance - Unallocated	1,146,078	
Fund Balance - Allocated	1,279,624	
Total Quasi-Endowment Fund		**$ 2,425,702**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

BALANCE SHEET
JUNE 30, 2001
(Continued)

ASSETS		
Plant Funds		
Unexpended Plant Fund:		
Equity in Pooled Cash and Investments	$ 2,569,621	
Accounts Receivable	12,005	
Total Unexpended Plant Fund		$ 2,581,626
Investment in Plant Fund:		
Land	7,403,600	
Movable Equipment	8,946,391	
Buildings	25,878,925	
Library Holdings	926,081	
Fleet	1,350,659	
Construction in Progress	1,005,015	
Total Investment in Plant Fund		45,510,671
Total Plant Funds		**$ 48,092,297**
Agency Funds		
Equity in Pooled Cash and Investments	$ 503,838	
Total Agency Funds		**$ 503,838**
Hocking College Foundation, Inc.		
Cash and Investments in Segregated Accounts	$ 432,765	
Accrued Interest Receivable	3,132	
Land	68,879	
Buildings	4,232,128	
Total Hocking College Foundation, Inc.		**$ 4,736,904**

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

LIABILITIES AND FUND BALANCES

Plant Funds		
Unexpended Plant Fund:		
Fund Balance - Unallocated	$ 2,581,626	
Total Unexpended Plant Fund		$ 2,581,626
Investment in Plant Fund:		
Capital Lease Obligation	281,120	
Bond Anticipation Note Payable	4,030,000	
Net Investment in Plant	41,199,551	
Total Investment in Plant Fund		45,510,671
Total Plant Funds		**$ 48,092,297**
Agency Funds		
Accounts Payable	176,040	
Deposits Held in Custody for Others	$ 327,798	
Total Agency Funds		**$ 503,838**
Hocking College Foundation, Inc.		
Wolfe-Bennett Land Note Payable	$ 98,252	
Taxidermy Lab & Store Note Payable	79,599	
Dormitory Note Payable	1,547,144	
Motel Renovation Note Payable	475,050	
Interest Payable	2,888	
Fund Balance - Unallocated	2,533,971	
Total Hocking College Foundation, Inc.		**$ 4,736,904**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Current Funds			
	Unrestricted		Restricted	
	Educational and General	Auxiliary Enterprises	Educational and General	Total Current Funds
Revenue and Other Additions				
Unrestricted Current Revenues	$ 31,665,210	$ 5,959,821	$	$ 37,625,031
State Appropriations - Restricted				
Federal Grants and Contracts - Restricted (See Note 6)			5,769,738	5,769,738
State Grants and Contracts - Restricted			552,487	552,487
Private Gifts, Grants and Contracts - Restricted			353,995	353,995
Expended for Library Acquisitions (including charges to Current Fund Expenditures)				
Expended for Plant Facilities (including charges to Current Fund Expenditures)				
Total Revenue and Other Additions	31,665,210	5,959,821	6,676,220	44,301,251
Expenditures and Other Deductions				
Educational and General Expenditures (See Note 6)	31,127,948		5,912,082	37,040,030
Auxiliary Enterprises Expenditures		6,062,417		6,062,417
Expended for Plant Facilities				
Total Expenditures and Other Deductions	31,127,948	6,062,417	5,912,082	43,102,447
Transfers Among Funds				
Non-mandatory Transfers for Plant Funds	(500,000)			(500,000)
Total Transfers	(500,000)			(500,000)
Net Increase (Decrease) for Year	37,262	(102,596)	764,138	698,804
Fund Balances at the Beginning of the Year	637,876	374,604	472,096	1,484,576
Fund Balances at the End of the Year	**$ 675,138**	**$ 272,008**	**$ 1,236,234**	**$ 2,183,380**

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

Loan Funds	Quasi-Endowment Funds	Plant Funds		Hocking College Foundation, Inc.
		Unexpended	Investment in Plant	
$1,907	$ 148,554	$ 2,957,596	$	$
		1,648,735		
				446,131
			2,421,144	
1,907	148,554	4,606,331	2,421,144	446,131
	79,218			204,913
		2,546,748	2,712,043	
0	79,218	2,546,748	2,712,043	204,913
		500,000		
		500,000		
1,907	69,336	2,559,583	(290,899)	241,218
13,419	2,356,366	22,043	41,490,450	2,292,753
$ 15,326	**$ 2,425,702**	**$ 2,581,626**	**$ 41,199,551**	**$ 2,533,971**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Current Funds			
	Unrestricted		Restricted	
	Educational and General	Auxiliary Enterprises	Educational and General	Total Current Funds
Revenues				
Tuition, Fees and Other Student Charges	$ 11,992,928	$	$	$ 11,992,928
State Appropriations	18,805,010			18,805,010
Federal Grants and Contracts			5,154,293	5,154,293
State Grants and Contracts			538,050	538,050
Private Gifts, Grants and Contracts	403		219,739	220,142
Sales and Services	702,503	5,959,821		6,662,324
Other Sources	164,366			164,366
Total Revenues	31,665,210	5,959,821	5,912,082	43,537,113
Expenditures				
Educational and General				
Instruction and Departmental Research	19,347,430		538,049	19,885,479
Public Service	348,213		7,192	355,405
Academic Support	1,677,773			1,677,773
Student Services	3,400,266		1,360,821	4,761,087
Institutional Support	3,535,693			3,535,693
Operation and Maintenance of Plant	1,277,566			1,277,566
Scholarships, Fellowships and Workstudy	1,541,007		4,006,020	5,547,027
Total Educational and General Expenditures	31,127,948	0	5,912,082	37,040,030
Auxiliary Enterprises		6,062,417		6,062,417
Total Expenditures	31,127,948	6,062,417	5,912,082	43,102,447
Nonmandatory Transfers and Other Additions/(Deductions)				
Nonmandatory Transfers to Plant Funds	(500,000)			(500,000)
Excess of Restricted Receipts over Transfers to Reduce Expenditures			764,138	764,138
Net Increase (Decrease) in Fund Balances	**$ 37,262**	**$ (102,596)**	**$ 764,138**	**$ 698,804**

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

1. DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY

A. Description of the College

Hocking Technical College, Athens County (the College), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College was formed after the creation of a technical college district, as defined in Chapter 3357 of the Ohio Revised Code. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this Board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by a caucus of the county, city and exempted village school districts' Boards of Education that operate in the technical college district. A President is appointed by the Board of Trustees to oversee day-to-day operations of the College. An appointed Vice-President of Fiscal Operations is the custodian of funds and investment officer, and is also responsible for the fiscal control of the resources of the College, which are maintained in the funds described below.

The College is an institution of higher learning dedicated to providing the residents of the technical college district with a low-cost higher education in various academic and vocational technologies, leading to a two-year associate degree.

B. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the College are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the College.

Component units are legally separate organizations for which the College is financially accountable. The College is financially accountable for an organization if the College appoints a voting majority of the organization's governing board and (1) the College is able to significantly influence the programs or services performed or provided by the organization; or (2) the College is legally entitled to or can otherwise access the organization's resources; the College is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the College is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the College in that the College approves the budget, the issuance of debt, or the levying of taxes.

The following organizations are considered part of the reporting entity of the College and are included in the College's financial statements as Auxiliary Enterprises:

- Ramada Inn-Hocking Valley
- Uniglobe Travel

The Hocking College Foundation, Inc., is not a part of the primary government of the College, but due to its relationship with the College and the requirements of GASB Statement No. 14, it is discretely presented as a component unit within the College's financial statements. The Foundation is a nonprofit corporation fund-raising organization, dedicated solely to raising scholarships and other funds for the benefit of the College. Specific disclosures relating to the component unit can be found in Note 19.

1. DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY (Continued)

B. Reporting Entity (Continued)

The Southeast Ohio Probation Treatment Alternative Center (SEPTA) is a legally separate organization, but is included as an Agency Fund in the financial statements, since the College is the fiscal agent for them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America and the principles of fund accounting for educational institutions. The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss of the period as would a statement of income or a statement of revenues and expenses.

Fund accounting is a concept in which legal and other restraints require the recording of specific revenues and expenditures/expenses 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 unrestricted 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 funds group, and then in the 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 owning 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 provided for normal replacement of equipment, library books, and furniture are accounted for as expenditures.

Fund Groups

The following are descriptions of the College's fund groups:

Current Funds - Unrestricted

The Current Unrestricted Funds include resources to be used for the primary operations of the College and have not been restricted by the Board of Trustees for other purposes. The funds are used to account for transactions relating to the primary and supporting missions of the College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

Fund Groups (Continued)

Current Funds - Unrestricted (Continued)

Included in the Current Unrestricted Funds are Auxiliary Enterprises. Auxiliary enterprises are entities that exist to furnish goods or services to students, faculty, or staff, and that charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. The general public may be served incidentally by auxiliary enterprises.

Current Fund - Restricted

The Current Restricted 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.

Loan Fund

The Loan Fund is used to account for loans to students. Loans granted are receivables of the fund until they are repaid. At that time, the money becomes available for new loans. Additions to these funds are gifts, governmental grants, interest on loans outstanding, and appropriations from other funds. Deductions are the result of notes canceled or written off and certain administrative expenses related to the loan program.

Endowment Fund

The Endowment Fund is a fund with respect to which donors, the governing board or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate of the gift and in perpetuity and invested for the purpose of producing present and future income which may be either expended or added to the principal.

Quasi-endowment funds (funds functioning as endowment funds) are funds in which the governing board of an institution, rather than a donor or other outside agency, has determined are to be retained and invested. Since these funds are internally designated rather than externally restricted, the governing board has the right to decide at any time to expend the principal. The College's only endowment fund is a quasi-endowment fund.

Plant Funds

Plant funds are used to record transactions relating to the College's plant assets. The Plant Fund group consists of (1) funds to be used for the acquisition of physical properties for institutional purposes but unexpended at the date of reporting; (2) funds set aside for the renewal and replacement of institutional properties; and (3) funds expended for and thus invested in institutional properties. The Plant Fund group is comprised of two self-balancing funds. They are:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

Fund Groups (Continued)

Plant Funds (Continued)

Unexpended Plant Fund: This fund is used to account for resources set aside for the improvement of the College's fixed assets.

Investment in Plant Fund: This fund is used to account for resources expended, and thus invested, in the fixed assets of College.

Agency Funds

Agency funds consist of funds held by the College as custodian or fiscal agent for others, such as student organizations, faculty members, or other governmental entities. Transactions of agency funds represent charges or credits to the individual asset and liability accounts and are not transactions of unrestricted or restricted current funds. Assets of agency fund include cash and investments. Liabilities include accounts payable to third parties and balances representing the net assets owing to the individual, organization or governmental entity for which the College is acting as custodian.

B. Budgetary Process

The budget is an 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.

C. Appropriations

To provide control over expenditures, a budget is prepared by the Vice-President of Fiscal Operations 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.

D. Encumbrances

The College utilizes an encumbrance system of accounting to record purchase orders, contracts and other commitments for materials and services as a measure of budgetary control over appropriations.

E. Pooled Cash and Investments

To improve cash management, cash received by the College is pooled in a central bank account. Monies for all funds are maintained in this account, except for the deposits of the Ramada Inn Fund, President's Development Fund, and Hocking College Foundation, Inc., which are held separately from those of other College funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Pooled Cash and Investments (Continued)

Individual fund integrity is maintained through College records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. During fiscal year 2001, investments were limited to certificates of deposit with local institutions and stocks.

The College makes investments in accordance with the Board of Trustee's policy, which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Vice-President of Fiscal Operations within these policy guidelines.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

For purposes of the presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of six months or less at the time they are purchased by the College are considered to be cash equivalents.

F. Accounts Receivable

Receivables at June 30, 2001, consist primarily of student tuition and fees in the Current Unrestricted Funds, sales and services in the Auxiliary Funds, and intergovernmental grants and contracts in the Current Restricted Fund. Receivables are reported at net using the direct write-off method.

G. Inventory

Inventories consist principally of books and supplies of the bookstore and warehouse stores inventories which are stated at the lower of cost or market determined on the first-in, first-out (FIFO) basis.

H. Property, Plant and Equipment

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

I. Compensated Absences

The College records a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

K. Interfund Transactions

During the course of normal operations, the College has numerous transactions between funds. Inter-fund transactions are generally classified as “due to” and “due from” and represent, in most instances, “cash in bank” of the various funds of the College, with the exception of the Unrestricted Educational and General Fund.

L. Fund Balance Allocations

The College allocates portions of fund balance which are legally segregated for specific use or which do not represent available expendable resources and therefore, are not appropriable for expenditure. Unallocated fund balance indicates that portion of fund balance which is appropriable in future periods.

M. Estimates

The preparation of 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 may differ from those estimates.

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the College has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions.” This statement establishes accounting and reporting guidelines for government decisions about when to report the results of nonexchange transactions involving cash and other financial and capital resources. The implementation of this statement required no change in the prior period balances of the College’s Financial Statements.

4. CASH AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands 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.

4. CASH AND INVESTMENTS (Continued)

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 or deposit accounts including pass book 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 to be deposited or invested in the following securities:

a. 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;

b. 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;

c. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds 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;

d. Bonds and other obligations of the State of Ohio;

e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

f. The State Treasurer's investment pool (STAROhio).

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.

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*."

4. CASH AND INVESTMENTS (Continued)

Deposits: At June 30, 2001, the carrying amount of the College's deposits was $8,540,610 and the bank balance was $9,837,162. All of the bank balance was covered by federal depository insurance or qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the collateral pool must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third-party trustees of the financial institutions.

Investments: GASB Statement No. 3 requires the College categorize investments to give an indication of the level of risk assumed by the College at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the College or its agent in the College's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the College's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the College's name.

	Category 2	Carrying Value	Fair Value
Common Stock	$ 71,529	$ 71,529	$ 71,529

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "*Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*." Cash and cash equivalents are defined to include investments of the cash management pool and investments with maturities of six months or less at the time of their purchase by the College.

5. QUASI-ENDOWMENT

In 1985, the College was awarded an Endowment Challenge Grant of $446,499 from the U.S. Department of Education to create an endowment fund (Corpus I). The stipulation to receiving the grant was that the College had to match this grant dollar for dollar. In 1987, the College was awarded an additional $193,313 from the U.S. Department of Education (Corpus II) with the same stipulation. As of June 30, 2001, the Endowment Fund has $1,279,624 in principal that is invested which consists of $639,812 from federal dollars and $639,812 from matching funds of the College.

According to the grant agreement, one-half of the interest earned on these investments is available and can be used for current operations of the College. The College has not used the interest earned, rather they have reinvested the interest back into the Endowment Fund. As of June 30, 2001, the total interest earnings accumulated in the Endowment Fund and available for current operations is $1,146,078, and the Endowment Fund balance is $2,425,702.

6. TITLE IV GRANT

The Federal Pell Grant Program funds are included in the Current Restricted Funds as requested and received by the College from the U.S. Department of Education for eligible students, in compliance with regulations set forth by the Office of Post-Secondary Education. For the year ended June 30, 2001, the College received $3,211,282 and disbursed $3,211,282 in Federal Pell Grant Program funds that are included in Federal Grants and Contracts - Restricted, and Educational and General Expenditures, respectively, on the Statement of Changes in Fund Balances.

7. 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 on a formula devised by the Ohio Board of Regents.

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

Neither the obligation for the revenue bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Ohio Board of Regents by the Ohio General Assembly.

The facilities are not pledged as collateral for the revenue 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 the State of Ohio. 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. As a result of the above described financial assistance provided by the State of Ohio to the College, outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's balance sheet. In addition, appropriations by the Ohio General Assembly to the Ohio Board of Regents for payment for debt service charges are not reflected in the appropriations received by the College, and the related debt service payments are not recorded in the College's accounts.

8. NOTES PAYABLE

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds, may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the original five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or available funds of the College, or a combination of these sources. All notes are backed by the full faith and credit of the College and are reported as a liability in the fund which received the note proceeds.

8. NOTES PAYABLE (Continued)

The College issued $4,030,000 in general receipts bond anticipation notes in 2001 in order to construct and equip a new student center and to refund a previously issued note.

The College had the following general receipts bond anticipation notes outstanding at June 30, 2001:

Purpose/ Description	Maturity Date	Interest Rate	Balance at July 1, 2000	Issued (Retired)	Balance at June 30, 2001
Investment in Plant Fund:					
Lake Snowden Land Purchase Note	12/23/00	3.60%	$ 1,400,000	$ (1,400,000)	$ 0
General Receipts Bond Anticipation Notes	12/20/04	5.00%	0	4,030,000	4,030,000
Total Notes Payable			$ 1,400,000	$ 2,630,000	$ 4,030,000

The annual requirements to amortize the general receipts bond anticipation notes outstanding as of June 30, 2001, are as follows:

Fiscal Year Ending June 30	General Receipts Bond Anticipation Note
2002	$ 301,500
2003	296,500
2004	291,500
2005	3,916,500
Total Payments	4,806,000
Less: Interest	(776,000)
Principal Due	$ 4,030,000

9. CAPITAL LEASE OBLIGATIONS

The College is obligated under certain leases that are accounted for as capital leases. As of June 30, 2001, $281,120 in capital lease obligations (excluding interest payments) were payable for equipment for the Perry County facility, computer equipment for administrative offices and maintenance equipment for the main campus. The assets and liabilities for these leases are reflected in the Investment in Plant Fund. The following is a schedule of future minimum lease payments under these capital leases, together with the net present value of the minimum lease payments as of June 30, 2001.

9. CAPITAL LEASE OBLIGATIONS (Continued)

Fiscal Year Ending June 30	Perry County Campus Equipment	Computer Equipment	Maintenance Equipment	Total
2002	$ 45,643	$ 36,313	$ 35,095	$ 117,051
2003	60,858	36,313	18,743	115,914
2004	0	36,312	18,743	55,055
2005	0	0	18,743	18,743
Total Payments	106,501	108,938	91,324	306,763
Less: Interest	(5,869)	(9,782)	(9,992)	(25,643)
Present Value of Minimum Lease Payments	$ 100,632	$ 99,156	$ 81,332	$ 281,120

10. PLANT FUND ASSETS

A summary of the changes in plant fund assets during fiscal year 2001 follows:

	Balance at July 1, 2000	Additions	Reductions	Balance at June 30, 2001
Land	$ 7,318,600	$ 85,000	$ 0	$ 7,403,600
Buildings	25,323,936	554,989	0	25,878,925
Moveable Equipment	8,509,204	476,134	38,947	8,946,391
Fleet	1,225,822	127,078	2,241	1,350,659
Library Holdings	986,392	35,147	95,458	926,081
Construction in Progress	0	1,005,015	0	1,005,015
Total	$43,363,954	$2,283,363	$ 136,646	$ 45,510,671

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The College participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. State Teachers Retirement System (Continued)

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 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The College is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 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, 2001, 2000, and 1999, were $1,392,999, $888,288, and $851,137; 88.25 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. $241,222 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the Current Unrestricted Fund.

Alternative Retirement Plan: Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS or an alternative retirement plan (ARP) offered by their employer. Full-time faculty with less than five years of service credit have a one-time option to select an ARP instead of STRS. Employees hired after the ARP is established have 90 days from their hire date to select a retirement plan.

B. School Employees Retirement System

Hocking Technical College contributes to the School Employees Retirement System (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. 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 North 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the 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, 2001, 2000, and 1999, were $200,621, $249,563, and $223,680 respectively; 88.14 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. $79,319 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the Current Unrestricted Fund.

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, the College did not have any employees covered by the Social Security system. The College's liability would be 6.2 percent of wages paid.

12. 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-certificated 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 funded 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 cost 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the College, this amount equaled $659,842 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was $3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were $283,137,000 and STRS had 99,011 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 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2001, the minimum pay has been established at $12,400. For the College, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled $480,516.

12. POSTEMPLOYMENT BENEFITS (Continued)

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 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were $140,696,340 and the target level was $211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of $252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation and sick leave accumulated by employees has been recorded on the Current Unrestricted Fund. Upon termination of College service, a fully vested employee is entitled to 25 percent of their accumulated sick leave not to exceed 45 days for professional staff and 30 days for support staff plus all accumulated vacation. At June 30, 2001, vested and probable benefits for vacation leave totaled $475,908, and sick leave totaled $206,096, for a total liability of $682,004.

B. Insurance Benefits

Medical/surgical, prescription drugs, and vision insurance is offered to employees through Medical Mutual Benefits Insurance of Ohio. The College pays monthly premiums from the same funds that pay the employees' salaries. Dental coverage is provided by Oasis Trust Insurance Company.

The College provides life insurance and accidental death and dismemberment insurance to employees through Fortis Insurance Company.

C. Deferred Compensation

College employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Under the deferred compensation program, all plan assets are now being held in a trust arrangement for the exclusive benefit of all participants and their beneficiaries as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to establish such a trust arrangement by January 1, 1999. As a result, the assets of this plan are no longer reflected in the financial statements of the College.

14. RAMADA INN-HOCKING VALLEY

The Ramada Inn is a full-time motel, restaurant and lounge that serves the public. Employees of the Inn are employees of the College.

14. RAMADA INN-HOCKING VALLEY (Continued)

On January 29, 1998, the College entered into a franchise agreement with Cendant Corporation, for marketing and operational support services. As a result, the name of the College's enterprise operation for training of hotel/restaurant technology students, formerly the Quality Inn-Hocking Valley, was changed to Ramada Inn-Hocking Valley. The initial franchise fee of $17,500 was waived. However, a continuing franchise fee was established, at 4.5 percent of gross room revenues for 15 years, beginning in 1998.

15. UNIGLOBE TRAVEL

On November 19, 1990, the College entered into a franchise agreement with Uniglobe Travel, for marketing and operational support services. As a result, the name of the College's enterprise operation for training of travel/tourism technology students, formerly the AAA Travel Agency, was changed to Uniglobe Travel Agency. The Uniglobe Travel Agency is a full-time travel agency and travel bureau that serves the public. Employees of the Agency are employees of the College. Ownership and management of the Agency was retained by the College. The initial franchise fee of $15,000. A continuing franchise fee was established at $750 per month.

16. 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. The College has addressed these various types of risk and have contracted with Reed and Baur Insurance for liability, property, and fleet insurance. Reed and Baur Insurance also provides public officials bonds. General liability insurance is maintained in the amount of $1,000,000 for each occurrence and $2,000,000 in the aggregate. The College also carries a $10,000,000 excess liability policy that provides coverage beyond the general liability and fleet coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The College maintains fleet insurance in the amount of $2,000,000 for any one accident or loss.

The College maintains replacement cost insurance on buildings and contents, excluding the Ramada Inn-Hocking Valley, in the amount of $49,240,527, with a $10,000 deductible per occurrence. The College has a separate policy on the Ramada Inn-Hocking Valley in the amount of $4,912,931, with a $1,000 deductible per occurrence. The College maintains tuition and fees insurance, and room and board rental insurance in the amounts of $12,563,208 and $1,033,189, respectively. Additionally, the College has a special liquor insurance policy in the amount of $1,000,000 for the operations of the restaurant and lounge in the Ramada Inn-Hocking Valley. With the operations of the Uniglobe travel Agency, the College has a special policy for professional liability for travel agents in the amount of $1,000,000.

With renovations to the Student Center and construction of a new student center, the College has a special policy for builder's risk liability in the amount of $5,500,000.

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

17. CONTRACTUAL COMMITMENTS

As of June 30, 2001, the College has $7,072,304 in contractual purchase commitments for the construction of a new student center. Of this amount, $1,030,572 had been expended leaving a balance owed by the College on the contractual commitments of $6,041,733, as follows:

Contractor	Purpose	Contract Amount	Amount Expended	Balance
Cody Zeigler	General Trades	$ 4,516,700	$ (553,231)	$3,963,469
Geiger Brothers	Plumbing	349,500	(3,780)	345,720
Howard Sheet Metal	HVAC	1,262,300	(80,659)	1,181,641
Precision Electric	Electrical	432,100	(26,625)	405,475
Indiana Insurance	Insurance	7,012	(7,012)	0
BancOne Capital	Underwriter	18,545	(18,845)	(300)
Moody/Nolan, Ltd.	Architect	486,147	(340,719)	145,428
Total		$ 7,072,304	$ (1,030,871)	$6,041,433

18. CONTINGENCIES

A. Grants

The College received financial assistance from federal and state agencies in the form of grants. The disbursement 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 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, 2001.

B. Litigation

The College is currently a party to an arbitration proceeding involving a former employee of the College. The College's management is of the opinion that the ultimate disposition of this arbitration will not have a material adverse effect on the overall financial position of the College as of June 30, 2001.

19. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC.

The Hocking College Foundation, Inc., was incorporated with the State of Ohio on October 21, 1992, and created for the purpose of operating exclusively for charitable and educational purposes in support of Hocking Technical College, a state institution of higher learning, authorizing and existing under Chapter 3357 of the Ohio Revised Code.

19. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

The Internal Revenue Service granted a foundation status classification under Section 501(a) of the IRS Regulations as an organization described in Section 501(c)(3), granting the Foundation tax-exempt status. The initial five year ruling period ending June 30, 1997, was updated on November 6, 1997, with the IRS reaffirming the Foundation's exempt status under Section 501(a), as described in Section 501(c)(3) of the Internal Revenue Code.

A. Basis of Accounting and Presentation

The financial statements of the Hocking College Foundation, Inc., (the Foundation) have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America and the principles of fund accounting for non-profit corporations. The Statement of Changes in Fund Balances is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

B. Cash and Investments

All cash received by the Foundation is deposited in a central bank account. During fiscal year 2001, investments were limited to certificates of deposit with local financial institutions and stocks. Investment earnings are allocated as authorized by State statute.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

For purposes of the presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of six months or less at the time they are purchased by the Foundation are considered to be cash equivalents.

C. Property, Plant and Equipment

The Foundation capitalizes all funds used to acquire or construct fixed assets. Property and buildings are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The Foundation follows the practice of not providing for depreciation.

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

D. Deposits and Investments

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*."

19. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments (Continued)

Deposits: At June 30, 2001, the carrying amount of the Foundation's deposits was $423,696 and the bank balance was $423,696. The Foundation has invested all of these funds in certificates of deposit and savings accounts. All of the bank balance was covered by federal depository insurance or qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the collateral pool must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third-party trustees of the financial institutions.

Investments: GASB Statement No. 3 requires the Foundation to categorize investments to give an indication of the level of risk assumed by the Foundation at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Foundation or its agent in the Foundation's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Foundation's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Foundation's name.

	Category 2	Carrying Value	Fair Value
Common Stock	$ 9,069	$ 9,069	$ 9,069

E. Long-Term Obligations

The Foundation had the following general obligation bond anticipation notes outstanding at June 30, 2001:

Purpose/ Description	Issue Date	Interest Rate	Balance at 7/1/00	Additions	Deductions	Balance at 6/30/01
Long-Term Notes Payable:						
Hocking Heights Dormitory	1993	5.05%	$ 1,597,914	$ 0	$ 50,770	$ 1,547,144
Wolfe-Bennett Land Note	1999	8.50%	114,800	0	16,548	98,252
Taxidermy Lab and Store	1999	7.57%	85,335	0	5,736	79,599
Total Long-Term Notes			1,798,049	0	73,054	1,724,995
Long-Term Loan Payable:						
Motel Renovation Loan	1998	8.00%	581,955	0	106,905	475,050
Totals			$ 2,380,004	$ 0	$ 179,959	$ 2,200,045

19. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

E. Long-Term Obligations (Continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2001, are as follows:

Fiscal Year Ending June 30	Hocking Heights Dormitory	Taxidermy Lab and Shop	Motel Renovation	Wolfe-Bennett Land	Total
2002	$ 157,714	$ 12,000	$ 150,205	$ 24,497	$ 344,416
2003	157,715	12,000	150,205	23,069	342,989
2004	157,714	12,000	150,206	21,641	341,561
2005	157,714	12,000	112,661	20,213	302,588
2006	157,714	12,000	0	18,785	188,499
2007 - 2011	788,571	60,000	0	14,817	863,388
2012 - 2014	302,285	33,000	0	0	335,285
Total Payments	1,879,427	153,000	563,277	123,022	2,718,726
Less: Interest	(332,283)	(73,401)	(88,227)	(24,770)	(518,681)
Principal Due	$ 1,547,144	$ 79,599	$ 475,050	$ 98,252	$ 2,200,045

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF CURRENT REVENUES - EDUCATIONAL AND GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Unrestricted	Restricted	Total
Tuition, Fees and Other Student Charges			
Instructional and General (less refunds)	$ 9,066,463	$	$ 9,066,463
Nonresident Surcharge	968,459		968,459
Application	64,415		64,415
Diploma Fee and Transcripts	19,905		19,905
Other Student Fees	280,389		280,389
Lab Fees	1,593,297		1,593,297
Total Tuition, Fees and Other Student Charges	11,992,928	0	11,992,928
State Appropriations and Instructional Subsidy	18,805,010		18,805,010
Federal Grants and Contracts		5,769,738	5,769,738
State Grants and Contracts		552,487	552,487
Private Gifts, Grants and Contracts	403	353,995	354,398
Sales and Services of Educational Activities			
Academic Department Sales and Miscellaneous Income	702,503		702,503
Other Sources			
Interest Income	69,637		69,637
Miscellaneous Income	94,729		94,729
Total Other Sources	164,366	0	164,366
Total Current Revenues - Educational and General	**$ 31,665,210**	**$ 6,676,220**	**$ 38,341,430**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF CURRENT EXPENDITURES - EDUCATIONAL AND GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Unrestricted	Restricted	Total
Instructional and Departmental Research			
General Education	$ 2,847,324	$	$ 2,847,324
Evening Division	1,246,673		1,246,673
Business and Hospitality	2,125,241		2,125,241
Criminal Justice Technology	1,615,392		1,615,392
Natural Resources Technology	3,975,199		3,975,199
Health Careers Technology	3,851,018		3,851,018
Engineering Technology	1,574,968		1,574,968
Prison Programs	1,384,284		1,384,284
Perry Center	727,331		727,331
Technical Education Funding		538,049	538,049
Total Instructional and Departmental Research	19,347,430	538,049	19,885,479
Public Service			
AACC Grant		7,192	7,192
Community/College Events	348,213		348,213
Total Public Service	348,213	7,192	355,405
Academic Support			
Library	227,251		227,251
Media Center	363,793		363,793
Academic Administration	1,086,729		1,086,729
Total Academic Support	1,677,773	0	1,677,773
Student Services			
Student Personnel Services	3,400,266		3,400,266
Tech Prep, Perkins, JOBS, Work Force, Day Care, ACDJFS		1,360,821	1,360,821
Total Student Services	3,400,266	1,360,821	4,761,087
Institutional Support			
General Expense	1,629,473		1,629,473
Grant Match	92,187		92,187
Development	264,107		264,107
Telemarketing and Student Businesses	4,565		4,565
Personnel Services	439,293		439,293
Fiscal Operations	913,752		913,752
Compensated Absences	115,210		115,210
Unemployment Expense	40,370		40,370
Worker's Compensation Expense	36,736		36,736
Total Institutional Support	3,535,693	0	3,535,693
Operation and Maintenance of Plant			
Maintenance of Buildings and Grounds			
Utilities and Operation of Plant	1,277,566		1,277,566
Scholarships and Fellowships			
Scholarships, Grants-in-Aid, Administrative Expenditures	1,541,007		1,541,007
District Scholars		4,006,020	4,006,020
Total Scholarships and Fellowships	1,541,007	4,006,020	5,547,027
Total Current Expenditures - Educational and General	**$ 31,127,948**	**$ 5,912,082**	**$ 37,040,030**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF AUXILIARY ENTERPRISES REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Bookstore	Ramada Inn	Hocking Heights	Uniglobe	Total
Revenues					
Sales	$ 1,937,177	$ 1,165,956	$ 1,438,932	$ 1,417,756	$ 5,959,821
Total Revenues	1,937,177	1,165,956	1,438,932	1,417,756	5,959,821
Expenditures					
Cost of Sales	1,670,129	283,339		1,283,037	3,236,505
Other Costs	256,380	1,006,184	1,435,300	128,048	2,825,912
Total Expenditures	1,926,509	1,289,523	1,435,300	1,411,085	6,062,417
Net Increase (Decrease) in Fund Balance	**$ 10,668**	**$ (123,567)**	**$ 3,632**	**$ 6,671**	**$ (102,596)**

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR *Pass-Through Grantor* Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE				
Pass-Through State Department of Education:				
Child and Adult Care Food Program	10.558	142075-21-CU	$ 1,905	$ 1,905
Total United States Department of Agriculture			1,905	1,905
APPALACHIAN REGIONAL COMMISSION				
Direct from Federal Government:				
Appalachian State Research, Technical Assistance and Demonstration Projects	23.011	N/A	34,234	34,234
Total Appalachian Regional Commission			34,234	34,234
UNITED STATES DEPARTMENT OF EDUCATION				
Direct from Federal Government:				
TRIO - Student Support Services	84.042	N/A	215,311	213,755
Student Financial Assistance Cluster:				
Federal Supplemental Education Opportunity Grants	84.007	N/A	144,263	144,263
Federal Work-Study Program	84.033	N/A	224,173	224,173
Federal Pell Grant Program	84.063	N/A	3,211,282	3,211,282
Federal Direct Loan (See Note 3)	84.268	N/A	5,466,926	5,466,926
Total Student Financial Assistance Cluster			9,046,644	9,046,644
Endowment Challenge Grant (See Note 2)	84.031G	N/A	174,256	79,218
Child Care Access Means Parents in School	84.335	N/A	46,840	46,840
Pass-Through State Department of Education:				
Vocational Education - Basic Grants to States	84.048	063339-20-C2-00	257,231	239,745
Tech-Prep Education	84.243	063339-3E-00	159,113	160,655
Total United States Department of Education			9,899,395	9,786,857
CORPORATION FOR NATIONAL SERVICE				
Direct from Federal Government:				
Learn and Serve America - Higher Education	94.005	N/A	2,250	2,250
Total Corporation for National Service			2,250	2,250
Total Federal Awards Receipts and Expenditures			**$ 9,937,784**	**$ 9,825,246**

The accompanying notes to this Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Note 1 - Basis of Accounting

The College prepares its Schedule of Federal Awards Receipts and Expenditures (the Schedule) on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2 - Endowment Challenge Grant

Receipts identified in the Schedule are from the investment of the grant and matching funds. Expenditures identified in the Schedule were transfers to the Current Unrestricted Funds for general institutional purposes, within the guidelines of the grant. Total grant and matching funds held as quasi-endowment funds at June 30, 2001 were $1,279,624. Grant and matching funds are equally split.

Cumulative investment income, less allowable expenditures, of the grant and matching funds totaled $1,146,078 through June 30, 2001.

Grant funds received in 1985 and 1987 are restricted for 20 years.

Note 3 - Federal Direct Loan Program

During the fiscal year ended June 30, 2001, the College processed $5,466,926 of new loans under the Federal Direct Loan Program, CFDA #84.268. The College is responsible only for certain administrative duties with respect to federal guaranteed student loan programs.

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

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the financial statements of the Hocking Technical College, Athens County, Ohio (the College), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 28, 2001, wherein we noted the College adopted Governmental Accounting Standards Board Statement 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 certain immaterial instances of noncompliance that we have reported to the management of the College in a separate letter dated November 28, 2001.

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 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. 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 do not require inclusion in this report, that we have reported to management of the College in a separate letter dated November 28, 2001.

This report is intended for the information and use of the audit committee, the Board of Trustees, management 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

November 28, 2001

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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

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

Compliance

We have audited the compliance of the Hocking Technical College, Athens 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, 2001. 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 the 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 auditing standards generally accepted in the United States of America; 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 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, 2001.

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 the audit committee, the Board of Trustees, management 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

November 28, 2001

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other reportable conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under §.510?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster: Supplemental Educational Opportunity Grants, CFDA #84.007 Federal Work-Study Program, CFDA #84.033 Federal Pell Grant Program, CFDA #84.063 Federal Direct Loan, CFDA #84.268
d)(1)(viii)	**Dollar Threshold: Type A/B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

HOCKING TECHNICAL COLLEGE
ATHENS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)

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

There were no findings related to the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

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HOCKING TECHNICAL COLLEGE

ATHENS 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.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 27, 2001