

RIO GRANDE COMMUNITY COLLEGE

JULY 1, 2000 THROUGH JUNE 30, 2001

**FISCAL YEAR AUDITED UNDER GAGAS:
2001**

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JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Rio Grande Community College
P.O. Box 326
Rio Grande, Ohio 45674

We have reviewed the Independent Auditor's Report of the Rio Grande Community College, Gallia County, prepared by Balestra & Company, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 17, 2001

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RIO GRANDE COMMUNITY COLLEGE

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITORS REPORT

Board of Trustees
Rio Grande Community College
P.O. Box 326
Rio Grande, Ohio 45674

We have audited the accompanying balance sheet of Rio Grande Community College (the Community College), as of and for the year ended June 30, 2001, and the related statement of changes in fund balances, and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the Community 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 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 Rio Grande Community College, as of June 30, 2001, and the changes in fund balances and its current funds revenues, expenditures and other changes for the year ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Rio Grande Community College
INDEPENDENT AUDITORS REPORT
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2001 on our consideration of the Community 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 performed for the purpose of forming an opinion on the financial statements of the Community College, taken as a whole. The Supplemental Financial Information listed in the table of contents are presented for additional analysis and are not a required part of the financial statements of the Community College. 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.

As discussed in Note 12 to the financial statements, during the year ended June 30, 2001, the Community College adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, and Governmental Accounting Standards Board Statement No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenues* (an amendment of GASB Statement No. 33).

Balestra & Company.
Balestra & Company.

October 30, 2001

RIO GRANDE COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2001

	Current Unrestricted	----- Unexpended	Plant Funds Investment In Plant	----- Total
<u>ASSETS</u>				
Cash and Certificates of Deposit	\$1,214,027	\$85,585	\$0	\$85,585
Accounts Receivable	589,498	0	0	0
	<u>1,803,525</u>	<u>85,585</u>	<u>0</u>	<u>85,585</u>
Movable Equipment, Furniture and				
Library books	0	0	2,082,660	2,082,660
Land Improvements	0	0	203,286	203,286
Buildings	0	0	25,164,816	25,164,816
Total Assets	<u>\$1,803,525</u>	<u>\$85,585</u>	<u>\$27,450,762</u>	<u>\$27,536,347</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$4,126	\$0	\$0	\$0
Total Liabilities	<u>4,126</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances				
Unrestricted	1,799,399	0	0	0
Unexpended	0	85,585	0	85,585
Investment in Plant	0	0	27,450,762	27,450,762
Total fund balances	<u>1,799,399</u>	<u>85,585</u>	<u>27,450,762</u>	<u>27,536,347</u>
Total liabilities and fund balances	<u>\$1,803,525</u>	<u>\$85,585</u>	<u>\$27,450,762</u>	<u>\$27,536,347</u>

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
Statement of Changes in Fund Balances
Year Ended June 30, 2001

	CURRENT FUNDS		
	Educational and General		
	Unrestricted	Restricted	Total
REVENUES AND OTHER ADDITIONS			
Unrestricted Current Fund Revenues	\$8,072,029	\$0	\$8,072,029
Restricted Current Fund Revenues	0	464,558	464,558
Capital Appropriations	0	0	0
Total Revenue and Other Additions	8,072,029	464,558	8,536,587
EXPENDITURES AND OTHER DEDUCTIONS			
Educational and General Expenditures	7,881,172	464,558	8,345,730
Capital Improvements	0	0	0
Total Expenditures and Other Deductions	7,881,172	464,558	8,345,730
TRANSFERS AMONG FUNDS			
Nonmandatory Transfers	(44,469)	0	(44,469)
Total Transfers	(44,469)	0	(44,469)
Net Increase (Decrease) for the Year	146,388	0	146,388
Fund Balance, Beginning of Year	1,653,011	0	1,653,011
Fund Balance, End of Year	\$1,799,399	\$0	\$1,799,399

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
Statement of Changes in Fund Balances
Year Ended June 30, 2001

	PLANT FUNDS		
	Unexpended Plant Fund	Investment in Plant	Total
REVENUES AND OTHER ADDITIONS			
Unrestricted Current Fund Revenues	\$0	\$0	\$0
Restricted Current Fund Revenues	0	0	0
Capital Appropriations	10,547	894,331	904,878
Total Revenue and Other Additions	10,547	894,331	904,878
EXPENDITURES AND OTHER DEDUCTIONS			
Equipment Write-off	0	49,392	49,392
Capital Improvements	0	0	0
Total Expenditures and Other Deductions	0	49,392	49,392
TRANSFERS AMONG FUNDS			
Nonmandatory Transfers	0	44,469	44,469
Total Transfers	0	44,469	44,469
Net Increase (Decrease) for the Year	10,547	889,408	899,955
Fund Balance, Beginning of Year	75,038	26,561,354	26,636,392
Fund Balance, End of Year	\$85,585	\$27,450,762	\$27,536,347

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
Statement of Current Funds, Revenues, Expenditures and Other Changes
Year Ended June 30, 2001

	CURRENT FUNDS		
	Educational and General		
	Unrestricted	Restricted	Total
REVENUES			
Tuition	\$2,874,277	\$0	\$2,874,277
State Subsidy	3,455,385	0	3,455,385
Other through Regents	822,408	0	822,408
Local Appropriation	832,000	50,000	882,000
State Grants	0	414,558	414,558
Other Sources	87,959	0	87,959
Total Revenues	8,072,029	464,558	8,536,587
EXPENDITURES			
Instructional Contract	7,692,174	0	7,692,174
Supplemental Contract	0	464,558	464,558
Board of Administration	188,921	0	188,921
Educational Supplies	77	0	77
Total Expenditures and Other Deductions	7,881,172	464,558	8,345,730
TRANSFERS AMONG FUNDS			
Nonmandatory Transfers	(44,469)	0	(44,469)
Total Transfers	(44,469)	0	(44,469)
Net Increase (Decrease) for the Year	\$146,388	\$0	\$146,388

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 1 - DESCRIPTION OF THE ENTITY

The Rio Grande Community 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 Community College was formed after the creation of a community college district, as defined in Chapter 3354 of the Ohio Revised Code. The Community 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 the Boards of County Commissioners within the community college district, with one from each of the four counties in the district (Meigs, Gallia, Jackson and Vinton), and two by joint action of the counties. A President is appointed by the Board of Trustees to oversee day-to-day operations of the Community College. An appointed Secretary/Treasurer is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the Community College which are maintained in the funds described below. The Community College is an institution of higher learning dedicated to providing the residents of the Community College district with low-cost higher education in various academic and technical areas.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of Rio Grande Community College (the Community College) have been prepared on the accrual basis and are in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and those applicable to public colleges and universities as prescribed by the American Institute of Certified Public Accountants' College Guide Model.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue during the reporting period. Actual results could differ from those estimates.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual Accounting: The Community College prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities. Consequently, certain revenues and related assets are recognized when the obligation is incurred rather than when received, and certain expenditures are recognized when the obligation is incurred rather than when paid. The accompanying statements of changes in fund balances and current fund revenues, expenditures and other changes represent statements of financial activities of funds related to the current reporting period. They do 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.

Fund Accounting: The Community College's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, and fund balance, revenues and expenditure (expenses). Funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been reported by fund group in the financial statements. The following fund types and groups are used by the Community College:

Current Funds: This group accounts for funds that are available for current operating purposes. The Current Funds Group is further subdivided into two fund types:

Unrestricted: Funds that are unrestricted and available for general operating purposes.

Restricted: Funds which are available for current operating purposes, but only in compliance with restrictions specified by grantors.

Plant Funds: Funds which have been received from the state for purpose of acquiring, constructing or improving the physical property of the Community College. Plant Funds are further subdivided into Unexpended Plant Funds and Investment in Plant.

Unexpended funds include resources set aside for acquisition of land, improvements, buildings, and equipment. Investment in plant funds represents the net of land, buildings and equipment and related liabilities.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances: The Community College uses the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable budget. Encumbrances for goods and services received but not paid for at fiscal year-end are reported as liabilities on the balances sheet.

Pooled Cash and Investments: The Community College maintains a cash and investment pool used by all funds except those held by a trustee. Each fund type's portion of this pool is displayed on the balance sheet as cash and certificates of deposits.

The Community College makes investments in accordance with the Board of Trustees' policy which conforms with the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the Community College's Secretary-Treasurer within these policy guidelines.

During fiscal year 2001, investments were limited to Certificates of Deposit and two interest bearing checking accounts.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Investment in Plant: Fixed assets are carried at cost, if purchased, or fair market value at date of gift, if so acquired. Depreciation on plant and equipment is properly not recorded in pursuant to guidance in Governmental Accounting Standard No. 8. Expenditures for renewals or betterments are capitalized. Expenditures for maintenance and repairs are charged to expense. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the investment in plant is reduced accordingly.

Accounts Receivable: Receivables at June 30, 2001 consist primarily of student tuition and taxes in the Unrestricted Fund. Receivables are reported at net using the direct write-off method.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01**

NOTE 3 - EQUITY IN POOLED CASH

The Community College maintains a cash pool, which is used by all of its funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Certificates of Deposit."

State law requires the classification of monies held by the Community College into three categories:

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the Community College. Such monies must be maintained either as cash in the Community College treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" monies, those monies that are not needed for immediate use but will be needed before the end of the current period of depositories. Interim monies may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim monies;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 3 - EQUITY IN POOLED CASH (Continued)

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

Deposits:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name;
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

At fiscal year-end, the carrying amount of the Community College's deposits was \$1,299,612 and the bank balance was \$2,112,358 of which:

1. \$800,413 was covered by federal deposit insurance and should be classified in risk Category 1; and
2. \$1,311,945 was covered by collateral held by the Community College, or by collateral held by a qualified third party trustee in the name of the Community College, and should be classified in risk Category 2.

NOTE 4 -STATE SUPPORT

The Community College is a state-assisted institution of higher education that 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 and constructs major plant facilities on the Community College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission, which is used for the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of a facility, the Ohio Board of Regents turns over control to the Community College. These assets have been capitalized in these financial statements.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 4 -STATE SUPPORT (Continued)

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 Community 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 for 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 Community College, outstanding debt issued by the Ohio Public Facilities Commission is not included on the Community College's balance sheet. In addition, appropriations by the General Assembly to the Ohio Board of Regents for payment of debt service charges are not reflected in the appropriations received by the Community College's accounts.

NOTE 5 - RISK MANAGEMENT

The Community 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. By contract with the University of Rio Grande, comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Medical and surgical benefits are offered to employees through commercial insurance companies.

Worker's compensation benefits are provided through the State Bureau of Worker's Compensation. The Community College pays all administrative and appointed officials' bonds by statute.

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

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01**

NOTE 6 - PENSION PLANS

Public Employees Retirement System: All employees participate in the Public Employees Retirement System of Ohio (“PERS”), a cost-sharing multiple-employer Public Employee Retirement System (“PERS”) operated by the State. PERS 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 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4562 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. The 2000 employer contribution rate for local government employers was 10.65% of covered payroll. The Community College’s contributions to PERS for the years ending June 30, 1999, 2000, and 2001, were \$15,729, \$17,053, and \$11,916 respectively which are equal to the required contributions for each year.

Alternative Retirement Plan (ARP): All newly hired full time administrative employees and faculty are eligible to choose an Alternative Retirement Plan (ARP) rather than the Public Employees Retirement System (PERS). Once an employee decides to enroll in an ARP or the state retirement plan, the decision is irrevocable during their employment with the Community College. Employees have 90 days from the date of hire to decide into which retirement system they wish to enroll. If no decision is made, they will be assigned the appropriate state retirement plan based upon the position for which they were hired. Vesting of contributions made by the Community College occurs in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 2	0%
2	25%
3	50%
4	75%
5	100%

The seven companies approved to offer an ARP for the University employees are Aetna, Equitable, Great American Life, Lincoln National Life, Nationwide Life, TIAA-Cref, and VALIC.

A member in a PERS eligible position, contributes 8.5% of their earned income and the Community College contributes 13.31%. The entire 13.31% is paid to the member’s retirement account. The employee and employer contribution are governed by state legislation and can be changed in accordance with legislative mandates.

No employees have elected to participate in the alternative retirement plan for the year ended June 30, 2001.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01

NOTE 7 - SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of June 30, 2001, no one has elected Social Security.

NOTE 8 - POST-EMPLOYMENT BENEFITS

Public Employees Retirement System: The Public Employees Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised code provides statutory authority requiring public employers to fund health care through their contributions to PERS. The 2000 employer contribution rate for state employers was 10.65% of covered payroll; 4.3% was the portion that was used to fund health care for the year.

The Community College's fiscal year 2001 employer contributions to PERS total \$11,916. Of this amount, \$4,811 was used to fund health care for the year for employees. This represents 4.3% of the covered current year payroll.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The number of benefit recipients eligible for OPEB at December 31, 1999 was 401,339. The actuarially accrued liability and unfunded actuarial accrued liability based on the actuarial cost method used were \$12,473.6 million and \$1,668.1 million, respectively.

The retirement board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

The Community College has elected to return to an actuarially pre-funded disclosure because it is a better presentation of PERS's actual funding methodology.

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01**

NOTE 9 - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditors reappraise all real property every six years with a triennial update. The last reappraisal was completed for tax year 1998 in Meigs County, for the tax year 1997 in Vinton County, and for the tax year 1999 in Gallia and Jackson Counties.

Real property taxes become a lien on all nonexempt real property located in the county on January, 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the tax (calendar) year ended December 31, 1998, was \$1.00 per \$1,000 of assessed valuation for each of the four counties in the community college district. After adjustment of the rate for inflationary increases in property values, the effective tax rates were as follows:

	<u>Meigs County</u>	<u>Vinton County</u>	<u>Gallia County</u>	<u>Jackson County</u>
Per \$1,000 of assessed valuation for residential/agricultural real property	.328617	.334054	.334054	.338617
Per \$1,000 of assessed valuation for other real property	.532591	.533704	.533704	.532597

Real property owner's tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reduction is reimbursed to the Community College by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property in each county for the tax (calendar) year ended December 31, 1999 was \$1.00 per \$1,000 of assessed valuation.

The various county treasurers collect property tax on behalf of all taxing districts within their respective counties. The various county auditors periodically remit to the taxing districts their portions of the taxes collected.

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01**

NOTE 9 - PROPERTY TAX (Continued)

	<u>Meigs County</u>	<u>Vinton County</u>	<u>Gallia County</u>	<u>Jackson County</u>
<u>Real Property - 1998 Valuation</u>				
Residential/Agricultural	\$ 129,018,690	\$ 76,472,460	\$231,544,560	\$206,432,750
Commercial/Industrial	40,705,530	11,168,810	86,357,810	64,442,070
Public Utilities	205,860	64,000	118,430	42,000
Minerals	2,913,730	0	369,520	361,100
<u>Tangible Personal Property</u>				
General - 1998 Valuation	33,479,220	14,933,575	37,913,359	51,460,642
Public Utilities - 1998 Valuation	47,264,510	22,958,420	270,931,830	41,662,750
Total Valuation	\$253,587,540	\$125,597,265	\$627,235,509	\$364,401,312

NOTE 10 - STUDENT FINANCIAL AID

The student financial aid program of the Rio Grande Community College is accounted for by the department of student financial aid of the University of Rio Grande, a private institution of higher education. The accounts of the department of student financial aid are not reflected in the accompanying financial statements.

NOTE 11 - CONTRACT WITH THE UNIVERSITY OF RIO GRANDE

The Community College has a five year contract with the University of Rio Grande whereby the University agrees to perform certain services for the Community College in return of an amount determined by the State of Ohio per full-time equivalent student enrolled at the Community College. The contract specifies that legislatively imposed cuts to the funding from the Ohio Board of Regents get passed on to the University. It also specifies that the maximum amount of a deficit that the Community College can incur in a fiscal year is \$50,000 or a cumulative \$75,000 deficit in any two-year period. Deficits beyond these amounts, result in a reduction of the amount paid to the University under the contract. This current contract expires June 1, 2004. The President of the Community College also serves as President of the University of Rio Grande. The University of Rio Grande provides to the Community College and its students:

- ! Instruction in arts and sciences, technical (occupational) studies, adult education, and development courses;
- ! Access to all nonresidential physical facilities of the College on the same basis that such facilities are available to students of the College;

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/01**

NOTE 11 - CONTRACT WITH THE UNIVERSITY OF RIO GRANDE (Continued)

- ! Activities available to students of the University, such as athletics, clubs, dramatics, and other approved activities;
- ! Student personnel services; and
- ! Appropriate office space for the community college's administrative offices.

Under the terms of the contract, the University of Rio Grande agrees to lease to the Community College the land necessary for the Community College to construct buildings. The lease is for \$1 for at least 15 years. The buildings are constructed, in whole or in part, with funds provided by the State of Ohio. Upon completion of construction, the University of Rio Grande leases these structures from the Community College for \$1 and provides the operating and maintenance costs necessary to serve the student bodies of both the Community College and the University of Rio Grande.

NOTE 12 - CHANGE IS ACCOUNTING PRINCIPLES

GASB Statement Number 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement Number 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, became effective for fiscal year 2001. GASB Statements No. 33 and 36 clarify the timing recognition of assets, liabilities, revenues and expenditures/expenses associated with nonexchange transactions. The implementation of GASB Statements No. 33 and 36 did not result in any restatement of prior year fund balances.

SUPPLEMENTAL FINANCIAL INFORMATION

RIO GRANDE COMMUNITY COLLEGE
Schedule of Current Revenues
June 30, 2001

	Unrestricted	Restricted	Total
Tuition and Other Charges			
Instructional	\$2,824,277	\$0	\$2,824,277
State Proficiency Scholarship	50,000	0	50,000
Total Tuition and Other	2,874,277	0	2,874,277
State Appropriations			
Instructional Subsidy	3,455,385	0	3,455,385
Access/Performance	822,408	0	822,408
Project Champ	0	8,000	8,000
Jobs Challenge	0	84,118	84,118
Early Childhood	0	75,000	75,000
Economic Development	0	4,322	4,322
Meigs CIC	0	50,000	50,000
Voc Ed Teacher	0	9,000	9,000
Tech Prep	0	188,618	188,618
Personnel Development	0	45,500	45,500
Total State Appropriations	4,277,793	464,558	4,742,351
Local Appropriations			
District Levy	832,000	0	832,000
Total Local Appropriations	832,000	0	832,000
Other Sources			
Temporary Investment Income	87,959	0	87,959
Total Other Sources	87,959	0	87,959
Total Current Revenues			
Unrestricted and Restricted	\$8,072,029	\$464,558	\$8,536,587

RIO GRANDE COMMUNITY COLLEGE
Schedule of Current Expenditures
June 30, 2001

	Unrestricted	Restricted	Total
Instruction and Support			
Instruction Contract	\$7,692,174	\$0	\$7,692,174
Supplemental Contract	0	464,558	464,558
Total Instruction and Support	7,692,174	464,558	8,156,732
Institutional Support			
Board/Administrative	188,921	0	188,921
Educational Supplies	77	0	77
Total Institutional Support	188,998	0	188,998
Total Current Expenditures	\$7,881,172	\$464,558	\$8,345,730

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

Board of Trustees
Rio Grande Community College
P.O. Box 326
Rio Grande, Ohio 45674

We have audited the financial statements of Rio Grande Community College (the Community College) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 30, 2001 in which we indicated the Community College changed its method of accounting for non-exchange transactions. 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 Rio Grande Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rio Grande Community 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.

Members of the Board

Rio Grande Community College

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Page 2

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over the financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation 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.

This report is intended solely for the information and use of the audit committee, management and members of the Board and is not intended to be and should not be used by anyone other than those specified parties.

Balestra & Company

Balestra & Company

October 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RIO GRANDE COMMUNITY COLLEGE

GALLIA 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**