`

BELMONT TECHNICAL COLLEGE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002

Auditor of State
Betty Montgomery

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

We have reviewed the Independent Auditor's Report of the Belmont Technical College, Belmont County, prepared by Rea & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. 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 Belmont Technical College is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 29, 2003

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BELMONT TECHNICAL COLLEGE
ST CLAIRSVILLE, OHIO

TABLE OF CONTENTS

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 20, 2002

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

Independent Auditor's Report

We have audited the accompanying basic financial statements of Belmont Technical College (the College), Belmont County, Ohio, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic 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 the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 3 to the basic financial statements, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. This results in a change in the format and content of the basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Belmont Technical College as of June 30, 2002, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2002 on our consideration of Belmont Technical 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.

The Management Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

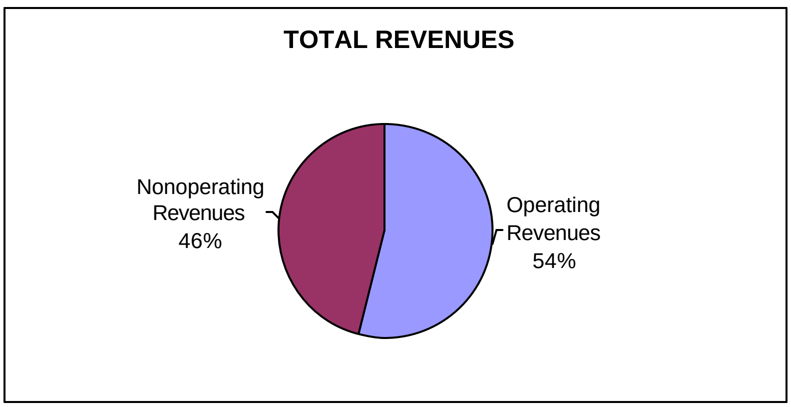
Rea & Associates, Inc.

The discussion and analysis of Belmont Technical College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2002. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains financial activities of Belmont Technical College.

Financial Highlights

Belmont Technical College's financial position, as a whole, improved during the fiscal year ending June 30, 2002. Its combined net assets increased $303,257 or 3.2% from the previous year. This increase takes into consideration the adjustments required to restate capital assets at June 30, 2001 which is more fully explained in Note 4 to the financial statements.

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2002:



In the fiscal year ending June 30, 2002, revenues and other support exceeded expenses, creating the increase in net assets of $303,257 (compared to a $1,061,357 increase last year). Last year's figure does not include an adjustment for the method of recording fixed assets or for depreciation expense, which are included in the current year figures and are required by GASB 35.

Using This Annual Report

This report consists of three basic financial statements. The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows provide information on the College as a whole and presents a long-term view of the College's finances. The following activities are included in the College's basic financial statements:

- **Primary Institution (College):** Most of the programs and services generally associated with a university fall into this category, including instruction, research, public service, and support services. There are no component units.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets

One of the most important questions asked about the College's finances is, "Is Belmont Technical College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Belmont Technical College's operating results.

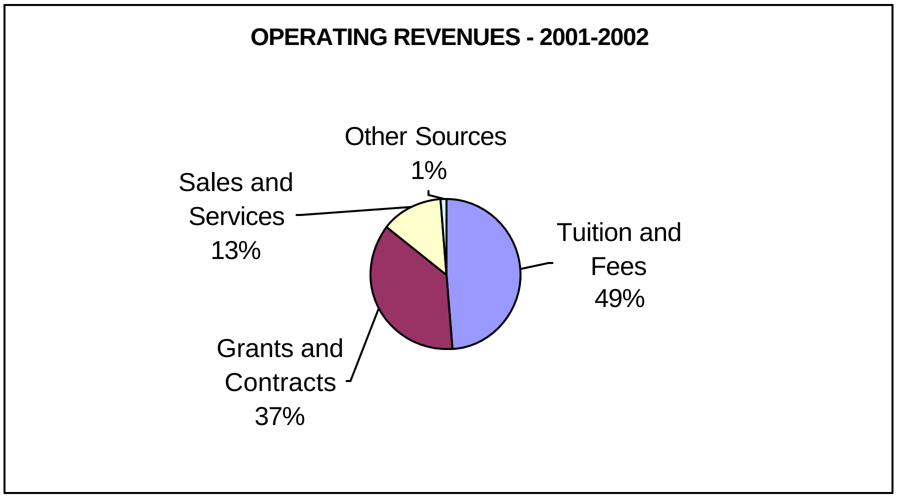
These two statements report Belmont Technical College's net assets and changes in them. Belmont Technical College's net asset amount – the difference between assets and liabilities – is one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, building condition, and campus safety, to assess the overall health of the College.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Belmont Technical College
Management Discussion and Analysis
For the Year Ended June 30, 2002

Net Assets, End of Year

	6/30/2002	6/30/2001	Change
ASSETS			
Current Assets:			
Cash equivalents	$ 520,329	$ 573,618	$ (53,289)
Investments	4,344,099	3,763,989	580,110
Interest receivable	175,471	129,909	45,562
Accounts receivable, net	1,003,976	859,718	144,258
EDPS Funds receivable	5,127	9,554	(4,427)
Prepaid Expenses	0	2,218	(2,218)
Supplies inventory, at cost	94,755	136,625	(41,870)
Total current assets	6,143,757	5,475,631	668,126
Noncurrent Assets:			
Restricted cash and cash equivalents	5,197	1,947	3,250
Restricted investments	107,639	139,690	(32,051)
Capital assets, net of accumulated depreciation	5,024,369	5,073,181	(48,812)
Total noncurrent assets	5,137,205	5,214,818	(77,613)
TOTAL ASSETS	$ 11,280,962	$ 10,690,449	$ 590,513
LIABILITIES			
Current Liabilities:			
Accrued liabilities	$ 339,278	$ 265,760	73,518
Accrued vacation/sick leave	182,712	261,470	(78,758)
Capital lease	28,951	0	28,951
Deferred fees income	690,075	627,174	62,901
Total current liabilities	1,241,016	1,154,404	86,612
Noncurrent Liabilities:			
Capital lease	97,927	0	97,927
Accrued vacation/sick leave	102,717	0	102,717
Total noncurrent liabilities	200,644	0	200,644
TOTAL LIABILITIES	1,441,660	1,154,404	287,256
NET ASSETS			
Invested in capital assets, net of related debt	4,897,491	5,073,181	(175,690)
Restricted:			
Nonexpendable:			
Scholarships	56,160	56,160	0
Expendable:			
Scholarships	70,133	58,141	11,992
Instructional Department uses	261,100	389,642	(128,542)
Capital projects	279,791	303,473	(23,682)
Unrestricted	4,274,627	3,655,448	619,179
Total net assets	9,839,302	9,536,045	303,257
TOTAL LIABILITIES AND NET ASSETS	$ 11,280,962	$ 10,690,449	$ 590,513



Operating Results for the Year

		6/30/2002
Operating Revenues		
Tuition and fees	$	3,034,975
Grants and contracts		2,323,580
Auxiliary services		831,792
Other		61,558
Total operating revenues		6,251,905
Operating Expenses		
Instructional		3,550,124
Public service		119,261
Academic support		1,230,077
Student services		835,967
Institutional support		1,764,323
Operation and maintenance of plant		776,015
Depreciation		233,735
Scholarships and grants		2,030,287
Auxiliary Enterprises		712,952
Total operating expenses		11,252,741
Net operating revenues (expenses)		(5,000,836)
Nonoperating Revenues		
State Appropriations		5,060,015
Other nonoperating revenues		244,078
Net nonoperating revenues		5,304,093
Increase in Net Assets		303,257
Net Assets, beginning of year, restated		9,536,045
Net Assets, end of year	$	9,839,302

Because of the significant adjustments required in the methods used for preparation of the financial statements for fiscal year 2002, a comparison to the fiscal year 2001 figures is not meaningful. In future years the current year's information will be compared to the prior year's data.

The Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps user assess:

- an entity's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its need for external financing

Cash Flows for the Year

	6/30/2002
Cash provided (used) by:	
Operating activities	$ (4,702,466)
Noncapital financing activities	5,066,415
Capital and related financing activities	(68,665)
Investing activities	(345,323)
Net increase (decrease) in cash	$ (50,039)
Cash, beginning of year	575,565
Cash, end of year	$ 525,526

A Statement of Cash Flows has not been required in previous years therefore no comparative information is available. In future years the current year's information will be compared to the prior year's data.

Capital and Debt Administration

Capital Assets

At June 30, 2002, the College had some $5,024,369 invested in capital assets, net of accumulated depreciation of $4,148,444. Depreciation charges totaled $233,735 for the current fiscal year. Details of these assets for the two years are shown below:

Capital Assets, Net, at Year-End

	6/30/2002	6/30/2001
Land and land improvements	$ 276,000	$ 276,000
Buildings and improvements	4,423,396	4,571,350
Machinery and equipment	234,995	125,758
Vehicles	44,095	55,384
Library books and materials	45,883	44,689
Totals	$ 5,024,369	$ 5,073,181

The major capital addition this year and the source of the resources that funded its acquisition was the addition of nine new copy machines, from a capital lease.

The College has planned capital expenditures for the fiscal year ending June 30, 2003 at approximately $321,000. The main project is to complete the Comprehensive Facilities Master Plan at a cost of approximately $110,225. Phillip Markwood Architects, Inc. was hired to provide the professional design services for this project. The College purchased 44.75 acres in 2001 adjacent to the current College facility. The College plans on spending approximately $160,000 on a classroom renovation project to construct the Student Success Center planned to be open fall quarter 2003. A cafeteria project in conjunction with the Rehabilitation Services Commission to purchase $25,000 worth of tables and chairs is expected to be completed in 2003. The College's share of the cost is expected to be $5,325. A $25,420 Childcare Center renovation project 50% funded by the H.B. 640 grant is expected to be completed in 2003. More detailed information about the College's capital assts is presented in Note 1 to the financial statements.

Debt

At year-end 2002, the College had $126,878 in debt outstanding versus none in the previous year. The table below summarizes these amounts by type of debt instrument.

Outstanding Debt, at Year-End

	6/30/2002	6/30/2001
Lease obligations	$ 126,878	$ 0

More detailed information about the College's long-term liabilities is presented in Note 10 to the financial statements.

Economic Factors that Will Affect the Future

The economic position of Belmont Technical College is closely tied to that of the State. Because of limited economic growth and increased demand for state resources from federal mandates, the current state budget projects a reduction in funding to the College in the next year. In response to this cutback and due to scarce public resources in general, the Board of Regents has reduced Fiscal Year 2003 State Appropriations to the College by 3.25% ($132,000).

The College announced tuition and fees increases averaging 10.7% starting Fall 2002 Quarter and an additional 8% increase starting Winter Quarter 2003.

The College estimates a $135,000 increase in employee wages, benefits, and health care insurance costs in Fiscal Year 2002 – 2003.

The economic downturn in southeastern Ohio continues to reduce the number of manufacturing employment opportunities for the people living there. However, a shift in marketable computer technical skills is on the rise. The College is addressing this need by starting Microsoft and Cisco Certification courses in 2002 and is anticipated to continue increasing student enrollment.

Despite the reduction in state funding and the increasing employee wages and benefits, the College's current financial plans indicate that the infusion of additional financial resources from the foregoing actions will enable it to maintain its present level of services.

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Department of Education, our citizens, taxpayers, and investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it received. If you have questions about this report, or need additional financial information, contact John Koucoumoris, Director of Financial Affairs, at Belmont Technical College, 120 Fox-Shannon Place, St. Clairsville, Ohio 43950.

BELMONT TECHNICAL COLLEGE

STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2002

ASSETS	
Current Assets:	
Cash equivalents	$ 520,329
Investments	4,344,099
Interest receivable	175,471
Accounts receivable, net	1,003,976
EDPS Funds receivable	5,127
Supplies inventory, at cost	94,755
Total current assets	6,143,757
Noncurrent Assets:	
Restricted cash and cash equivalents	5,197
Restricted investments	107,639
Capital assets, net of accumulated depreciation	5,024,369
Total noncurrent assets	5,137,205
TOTAL ASSETS	$ 11,280,962
LIABILITIES	
Current Liabilities:	
Accrued liabilities	339,278
Accrued vacation/sick leave	182,712
Capital lease	28,951
Deferred fees income	690,075
Total current liabilities	1,241,016
Noncurrent Liabilities:	
Capital lease	97,927
Accrued vacation/sick leave	102,717
Total noncurrent liabilities	200,644
TOTAL LIABILITIES	1,441,660
NET ASSETS	
Invested in capital assets, net of related debt	4,897,491
Restricted:	
Nonexpendable:	
Scholarships	56,160
Expendable:	
Scholarships	70,133
Instructional Department uses	261,100
Capital projects	279,791
Unrestricted	4,274,627
Total net assets	9,839,302
TOTAL LIABILITIES AND NET ASSETS	$ 11,280,962

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

BELMONT TECHNICAL COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2002

REVENUE:		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $425,198)	$	3,034,975
State grants and contracts		260,982
Federal grants and contracts		2,055,531
Private gifts and contracts		7,067
Sales and services of educational departments		14,789
Auxiliary Enterprises:		
Sales and services		831,792
Other sources		46,769
Total revenues		6,251,905
EXPENSES:		
Operating Expenses:		
Educational and General:		
Instructional		3,550,124
Public service		119,261
Academic support		1,230,077
Student services		835,967
Institutional support		1,764,323
Operation and maintenance of plant		776,015
Depreciation		233,735
Scholarships and grants		2,030,287
Total Educational and General		10,539,789
Auxiliary Enterprises		712,952
Total Expenses		11,252,741
Operating Loss		(5,000,836)
NONOPERATING REVENUES (EXPENSES):		
State appropriations		5,060,015
Gifts		6,400
Investment income		248,298
Interest on capital asset related debt		(10,620)
Net nonoperating revenues		5,304,093
Increase in Net Assets		303,257
Net Assets, Beginning of Year, Restated		9,536,045
Net Assets, End of Year	$	9,839,302

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

BELMONT TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2002

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Tuition and fees	$	2,950,519
Grants and contracts		2,217,022
Payments to suppliers		(1,127,182)
Payments for utilities		(466,671)
Payments to employees		(5,146,756)
Payments for benefits		(1,286,417)
Payments for scholarships and grants		(2,733,858)
Auxiliary Enterprises:		
Book Store		829,319
Sales and service of education		14,789
Other receipts		46,769
Net cash used by operating activities		(4,702,466)
Cash Flows from Non-Capital and Related Financing Activities:		
State appropriations		5,060,015
Gifts and grants		6,400
Net cash provided by non-capital and related financing activities		5,066,415
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets		(29,030)
Principal paid on leases		(29,015)
Interest paid on leases		(10,620)
Net cash used by capital and related financing activities		(68,665)
Cash Flows from Investing Activities:		
Interest on investments		202,736
Proceeds from sales and maturities of investments		2,603,973
Purchase of investments		(3,152,032)
Net cash used by noncapital financing activities		(345,323)
Net decrease in cash and cash equivalents		(50,039)
Cash and Cash Equivalents, beginning of year		575,565
Cash and Cash Equivalents, end of year	$	525,526
RECONCILIATION OF OPERATING LOSS TO NET CASH <u>PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating loss	$	(5,000,836)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation		233,735
Change in Assets and Liabilities:		
Receivables, net		(139,831)
Inventories		41,870
Prepaids		2,218
Accrued liabilities		73,518
Compensated absences		23,959
Deferred revenue		62,901
Net cash used by operating activities	$	(4,702,466)
<u>NONCASH TRANSACTIONS:</u>		
Equipment acquired by lease	$	155,893
Capital lease		(155,893)
Total noncash transactions	$	0

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

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities* effective for the College's year ended June 30, 2002, the full scope of the College's activities is considered to be a single business-type activity (BTA) and accordingly, is reported within a single column in the basic financial statements.

B. Basis of Accounting

The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

C. Cash and Cash Equivalents

This classification appears on the Statement of Net Assets and the Statement of Cash Flows and includes petty cash, cash on deposit with private bank accounts and savings accounts.

For purposes of the statement of cash flows and for presentation of the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Investments

Investments, when purchased, are stated at cost and, if received through gift, at market value at the date of gift if a market value is available; otherwise, they are stated at an appraisal or nominal value. The College has invested in certificates of deposit during the fiscal year 2002.

E. Receivables

Receivables consist of tuition and fees and charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments, private sources in connections with reimbursements of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource providers conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

F. Inventories

Inventories, consisting of expendable supplies and merchandise for resale, are stated at the lower of cost or market value using the first-in, first-out method.

G. Capital Assets

Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of $5,000 at the date of acquisition and an expected useful life of one or more years. Library books are significant in the aggregate and are therefore also capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 50 years for buildings, 3 to 15 years for equipment, and 5 years for library books and materials.

H. Restricted Assets

Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.

I. Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include capital lease obligations and compensated absences that will not be paid within the next fiscal year.

J. Compensated Absences

The College has adopted GASB No. 16.

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

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

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

a. The sick leave liability generally would be an estimate based on governmental entity's past experience of making termination payments for sick leave, adjusted for the effects of changes in its termination payment policy and other current factors. This approach is known as the termination payment method.

b. The sick leave liability would be an accrual for those employees expected to become eligible in the near future based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is known as the vesting method.

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

K. Deferred Revenue

In accordance with the State of Ohio policy of recording instructional revenues in the year in which the courses are principally conducted, the College defers certain revenues at June 30 that are applicable to courses conducted subsequent to June 30.

L. Net Assets

The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted Net Assets – Nonexpendable – Nonexpendable restricted net assets include endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Assets – Expendable – Expendable restricted net assets include resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.
Unrestricted Net Assets – Unrestricted net assets include resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

M. Scholarship Allowances

Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance discount.

N. Revenue and Expense Recognition

The College presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.* Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the College. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statement of Revenues, Expenses, and Changes in Net Assets.

O. Budgetary Process

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

P. Income Taxes

Income taxes have not been provided on the general operations of the College because, as a state institution, its income is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

Q. Use of Estimates

Management of the College has made estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

NOTE 3 – ACCOUNTING CHANGES

Effective July 1, 2001, the College implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* The financial statement presentation required by these Statements is a single-column enterprise activity rather than the fund-group perspective previously reported. Significant accounting changes in order to comply with the new requirements include adopting depreciation and capital assets, reporting revenues net of discounts and allowances, eliminating inter-fund activities, classifying activities as operating or nonoperating, classifying assets and liabilities as current or noncurrent, and prorating summer school activities to periods earned.

Because of the new burden to adopt depreciation on capital assets, a new capitalization policy was adopted by the College (see Note 2). A negative adjustment to fund balance in the amount of $1,291,115 was needed to account for all assets previously capitalized but no longer qualifying under the new $5,000 policy amount (see Note 4).

In addition, the College implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Changes in existing disclosures include more detailed information on obligations under leases. New disclosures include information on the major components of receivable and payable balances.

NOTE 4 – NET ASSET RESTATEMENT

As referred to in Note 3, the College implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.*

July 1, 2001 Fund Equity as Previously Reported	$ 14,741,869
Implementation of GASB 34/35 - Accumulated Depreciation	(3,914,709)
Change in Accounting Capitalization Policy	(1,291,115)
July 1, 2001 Net Assets as Restated	$ 9,536,045

NOTE 5 – STATE SUPPORT

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

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

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

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

A. Construction in progress for any portion of the facilities being financed by state agencies for use by the College should be recorded on the College's books of account until such time as the facility is completed.

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

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bond and other obligations of the State of Ohio.

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

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

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

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

Deposits. At year end, the carrying amount of the College's deposits was $4,976,399 and the bank balance was $5,305,365. Of the bank balance:

1. $386,997 was covered by federal depository insurance; and

2. $4,918,368 was uninsured and uncollateralized. Although the collateral for the securities was held by the pledging financial institutions' trust department in the College's name and all state statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the College to a successful claim by the Federal Deposit Insurance Corporation.

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	$ 525,526	$ 4,451,738
Cash on Hand	(865)	0
Investments:		
Certificates of Deposit	4,451,738	(4,451,738)
Total GASB Statement 3	$ 4,976,399	$ 0

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 823,610	$ (49,417)	$ 774,193
Interest	175,471	0	175,471
Other	229,783	0	229,783
Total Accounts Receivable	$ 1,228,864	$ (49,417)	$ 1,179,447

NOTE 8 – DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board to authorize for expenditure the new appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board is required to consider the College's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. All expenditures must be approved by the Board.

At June 30, 2002, there was no net appreciation on donor restricted assets available to be spent.

NOTE 9 – CAPITAL ASSETS

A summary of the changes in the capital assets is presented as follows:

	Restated Balance at 7/1/2001	Increases	Decreases	Balance at 6/30/2002
Capital Assets, Non-Depreciable:				
Land	$ 276,000	$ 0	$ 0	$ 276,000
Capital Assets, Depreciable:				
Land improvements	304,992	0	0	304,992
Buildings and improvements	7,228,511	0	0	7,228,511
Machinery and Equipment	443,423	160,893	0	604,316
Motor Vehicles	220,537	0	0	220,537
Library books and materials	514,427	24,030	0	538,457
Total Depreciable	8,711,890	184,923	0	8,896,813
Less Accumulated Depreciation:				
Land improvements	304,992	0	0	304,992
Buildings and improvements	2,657,161	147,954	0	2,805,115
Machinery and Equipment	317,665	51,656	0	369,321
Motor Vehicles	165,153	11,289	0	176,442
Library books and materials	469,738	22,836	0	492,574
Total Depreciation	3,914,709	233,735	0	4,148,444
Total Capital Assets, Depreciable, net	4,797,181	(48,812)	0	4,748,369
Capital Assets, net	$ 5,073,181	$ (48,812)	$ 0	$ 5,024,369

NOTE 10 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Current Portion
Capital Lease Payable	$ 0	$ 155,893	$ (29,015)	$ 126,878	$ 28,951
Compensated Absences	261,470	23,959	0	285,429	182,712
Total Long-Term Liabilities	$ 261,470	$ 179,852	$ (29,015)	$ 412,307	$ 211,663

NOTE 11 – LEASE OBLIGATION

Capital Lease Obligations – Capital lease obligations relating to various forms of equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2002:

		Amount
Fiscal Year, Ending June 30,	2003	$ 37,485
	2004	37,485
	2005	37,485
	2006	34,362
Total minimum lease payments		146,817
Amount representing interest		(19,939)
Present Value of Future Lease Payments		$ 126,878

Leased assets amount to $155,893 at June 30, 2002, all of which is movable equipment.

NOTE 12 – OPERATING EXPENSES BY FUNCTION AND NATURAL CLASS

	Salaries and Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction & departmental research	$ 3,212,347	$ 0	$ 48,207	$ 289,570	$ 0	$ 3,550,124
Public service	46,990	0	0	72,271	0	119,261
Academic support	979,863	0	91,554	158,660	0	1,230,077
Student services	789,811	0	0	46,156	0	835,967
Institutional support	1,001,420	0	60,284	702,619	0	1,764,323
Operations and maintenance	427,370	0	266,626	82,019	0	776,015
Scholarships & grants	0	2,030,287	0	0	0	2,030,287
Auxiliary enterprises	50,170	0	0	662,782	0	712,952
Depreciation	0	0	0	0	233,735	233,735
Totals	$ 6,507,971	$ 2,030,287	$ 466,671	$ 2,014,077	$ 233,735	$ 11,252,741

NOTE 13 – PENSION AND RETIREMENT PLANS

The employees of Belmont Technical College are covered by the School Employees Retirement System of Ohio (SERS), the State Teachers Retirement System of Ohio (STRS) or an Alternative Retirement Plan (ARP). The State of Ohio accounts for the activities of the SERS and STRS systems and amounts of these funds are not reflected in the accompanying financial statements.

School Employees Retirement System

The College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll for fiscal year 2002. The contribution requirements of the plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The College's required contributions for the fiscal years ended June 30, 2002, 2001 and 2000 were $193,964, $179,182, and $178,991, respectively.

State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the College is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The College's required contributions to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were $491,177, $461,953, and $478,853, respectively.

NOTE 14 – POST-EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the College, this amount equaled $157,878 during the 2002 fiscal year. The balance in the Health Care Reserve Fund was $3.256 billion at June 30, 2001 (latest information available). For the year ended June 30, 2001 (latest information available), the health care costs paid by STRS were $300,772,000. There were 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2002, the allocation rate was 8.54%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at $12,400. For the College, the amount to fund health care benefits, including surcharge, equaled $118,318 during the 2002 fiscal year. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were $182,946,777. The number of participants currently receiving health care benefits is 50,000. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were $335.2 million.

NOTE 15 – LEGAL COMPLIANCE

Pursuant to Section 117.11(a) of the Ohio Revised Code, the Independent Public Accountant (IPA) performed tests of compliance with various provisions of local, state, and/or federal laws, as appropriate. Our tests disclosed no instances of noncompliance, however, recommendations are included in a separate letter to management. Material adjustments, with which College officials agree, have been posted to the books of account and such adjustments are reflected in the accompanying financia l statements.

NOTE 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. During fiscal year 2002, the College contracted with Travelers Insurance Company for commercial property insurance. The policy includes a $1,000 deductible.

Professional and general liability is protected by Travelers Insurance Company with a $5,000,000 single occurrence limit and no deductible. Vehicles are covered by Travelers Insurance Company and hold a $100 deductible for comprehensive and a $100 deductible for collision. Automobile liability has a $1,000,000 combined single limit of liability.

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

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

NOTE 17– CONTINGENCIES

A. Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Current Unrestricted Educational and General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2002.

B. Litigation

The College is currently not party to any legal proceedings.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 20, 2002

The Board of Trustees
Belmont Technical College
St. Clairsville, Ohio 43950

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the basic financial statements of Belmont Technical College as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Belmont Technical College's basic 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 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 management of Belmont Technical College in a separate letter dated December 20, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Belmont Technical College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Belmont Technical College in a separate letter dated December 20, 2002.

This report is intended for the information of 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.

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 20, 2002

The Board of Trustees
Belmont Technical College
St. Clairsville, Ohio 43950

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Belmont Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Belmont Technical College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Belmont Technical College's management. Our responsibility it to express an opinion on Belmont Technical College's compliance based on our audit.

We conducted our audit of compliance with those requirements 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 Circulars A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Belmont Technical 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 Belmont Technical College's compliance with those requirements.

In our opinion, Belmont Technical College complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, we noted a certain immaterial instance of noncompliance that we have reported to management of Belmont Technical College in a separate letter dated December 20, 2002.

Internal Control Over Compliance

The management of Belmont Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Belmont Technical 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.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Belmont Technical College as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Belmont Technical 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.

This report is intended for the information of 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.

Rea & Associates, Inc.

BELMONT TECHNICAL COLLEGE
Belmont County
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2002

Agency / Program / Grant	Federal CFDA Number	Disbursements
U.S. Department of Education		
Student Financial Assistance Cluster:		
Federal Family Education Loan Program (See Note A)	84.032	$ 896,688
Federal Pell Grant Program	84.063	1,964,964
Federal Work Study	84.033	43,357
Total Student Financial Assistance Cluster		2,905,009
Passed through Ohio Department of Education:		
Vocational Education Basic Grant	84.048	34,743
Total U.S. Department of Education		2,939,752
U.S. Department of Agriculture		
Passed through the Ohio Department of Education:		
Child Care Food Program	10.558	2,518
U.S. Department of Labor		
Northern Panhandle Workforce Investment Board, Inc.:		
WIA Dislocated Workers	17.260	3,823
Total Federal Financial Assistance		$ 2,946,093

Note A - Guaranteed Student Loans

For the fiscal year 2001 - 2002, the College certified need for $896,688 in Guaranteed Student Loans and Supplemental Loans.

Note B - Pell Distribution

Pell Grant money distributed to the College's Unrestricted and Auxiliary Funds for tuition and fees was $1,047,409 and the balance distributed to students was $917,555.

Note C - Significant Accounting Policies

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

BELMONT TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTON .505
JUNE 30, 2002

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)(iii)	Was there any reported material non-compliance 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 Section .510?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Assistance Cluster: CFDA #84.063, 84.033, 84.032
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Auditor of State
Betty Montgomery

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P.O. Box 1140
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800-282-0370

Facsimile 614-466-4490

BELMONT TECHNICAL COLLEGE

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 11, 2003