RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO

Financial Statements

June 30, 2007 and 2006

with

Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
Rio Grande Community College
218 North College St.
P.O. Box 326
Rio Grande, OH 45674

We have reviewed the *Independent Auditor's Report* of the Rio Grande Community College, Gallia County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 15, 2008

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RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Rio Grande Community College
Gallia County

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of Rio Grande Community College, Gallia County, Ohio (the College), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Rio Grande Community College, as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows, thereof for the years 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 our report dated January 3, 2008 on our consideration of Rio Grande Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered on assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 – 7 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Clark, Schaefer Hackett & Co.

Springfield, Ohio
January 3, 2008

The discussion and analysis of Rio Grande Community College's financial statements provide an overview of the College's financial activities for the fiscal years ended June 30, 2007 and 2006. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

The following activities are included in the financial statements:

Primary Institution (College) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service and support services.

Management's discussion and analysis is focused on the Primary Institution. The College's financial basic statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Assets is designed to present the College's financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statement of Revenues, Expenses, and Changes in Net Assets focus on the change in net assets over the year to indicate whether there has been improvement or erosion of the College's financial health.

Financial Highlights

The College's financial position remained steady during the fiscal year ended June 30, 2007. The current assets increased by 5.44% from the previous fiscal year, primarily due to an increase in overall cash and cash equivalents and an decrease in accounts receivable.

During the fiscal year ended June 30, 2007, the College's expenses exceeded revenues and other support creating a decrease in net assets of $696,744 (compared to a $1,041,007 decrease from the previous fiscal year). These decreases are due to depreciation expense being recorded each year, beginning in fiscal year 2002 and continuing through fiscal year 2007.

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 the 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. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net assets and the changes that occur in them during the year. You can think of the difference between assets and liabilities as 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 or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, condition of the buildings and campus, and strength of the instructional services, to accurately 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.

A comparative summary of the major components of the College's net assets follows:

Net Assets
As of June 30

	2007	2006	2005
Current Assets	$ 3,505,517	3,324,566	3,300,449
Noncurrent Assets:			
Capital Assets (net of depreciation)	13,417,647	14,456,589	15,634,991
Total Assets	16,923,164	17,781,155	18,935,440
Current Liabilities	143,821	181,777	315,178
Noncurrent Liabilities	818,503	941,794	921,671
Total Liabilities	962,324	1,123,571	1,236,849
Net Assets:			
Invested in Capital Assets	13,417,647	14,456,589	15,634,991
Restricted to Capital Projects	750,204	697,541	510,243
Unrestricted	1,792,989	1,503,454	1,553,357
Total Net Assets	$ 15,960,840	16,657,584	17,698,591

The primary changes on the Statement of Net Assets relate to:

- Current assets increasing indicative of a positive cash flow related to the timing of receivables and payables and the expenses in connection with the instructional contract with the University of Rio Grande.
- Significant decrease in accounts payable related to the amount due the University of Rio Grande.
- Capital asset decreases were caused by depreciation expense exceeding the cost of new capital assets that were acquired during the fiscal year.

A comparative summary of the College's revenues, expenses and changes in net assets follows:

Operating Results
For the Year Ended June 30

	2007	2006	2005
Operating Revenues:			
Student Tuition	$ 4,041,173	4,044,781	3,964,724
Grants - Federal and State	597,739	721,209	735,274
Other	2,340	-	-
Total Operating Revenues	4,641,252	4,765,990	4,699,998
Operating Expenses:			
Educational and General:			
Instructional Support	9,772,461	9,618,698	9,209,702
Institutional Support	562,765	765,273	595,480
Depreciation	1,127,663	1,293,186	1,350,723
Total Operating Expenses	11,462,889	11,677,157	11,155,905
Operating Loss	(6,821,637)	(6,911,167)	(6,455,907)
Nonoperating Revenues:			
State Appropriations	4,942,637	4,718,677	4,460,376
Property Taxes	915,003	877,396	847,645
Investment Income	79,957	86,789	43,453
Total Nonoperating Income	5,937,597	5,682,862	5,351,474
Loss Before other Revenues, Expenses, Gains or Losses	(884,040)	(1,228,305)	(1,104,433)
Capital Appropriations	187,296	187,298	134,633
Change in Net Assets	(696,744)	(1,041,007)	(969,800)
Net Assets - Beginning of Year	16,657,584	17,698,591	18,668,391
Net Assets - End of Year	$ 15,960,840	16,657,584	17,698,591

Operating Revenues

Operating revenues include all operating transactions of the College, including tuition. In addition, certain federal and state grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating revenue changes were primarily the result of the following factors:

- Student tuition revenue decreased 0.1%, which is in direct correlation with a slight decrease in enrollment and offset by the 2% increase in the tuition rate the Board of Trustees approved at the beginning of the school year.
- State and Federal grants decreased slightly from the prior year, due to cuts in funding from the State of Ohio.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. The operating expense changes were primarily the result of the following factors.

- Instructional contract expense increased only slightly (approximately 2.7%) for 2007, based primarily on the increase in enrollment and the funding formula provided in the contract between the University of Rio Grande and Rio Grande Community College.
- Administrative expenses, which are a component of Institutional expense, increased slightly due additional personnel expenses that were incurred in 2007.

Nonoperating Revenues

Nonoperating revenues are all revenue sources that are primarily nonexchange in nature. They consist primarily of State appropriations, local tax revenues and investment income.

State appropriations for 2007 increased slightly when compared to 2006. This increase was in accordance with the state funding formula.

Other Revenues

Other revenues consist of items that are typically nonrecurring, extraordinary, or unusual to the College, primarily State of Ohio capital appropriations. Other revenues changes were primarily the result of a State capital appropriation in the amount of $187,298 designated for future capital projects.

Statement of Cash Flows

Another way to assess the financial health of a College 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 users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

A comparative summary of the College's cash flows are as follows:

Cash Flows
For the Year Ended June 30

	2007	2006	2005
Net Cash from:			
Operating Activities	$ (5,813,192)	(5,712,677)	(5,774,702)
Noncapital Financing Activities	5,857,640	5,614,824	5,354,564
Capital and Related Financing Activities	95,548	87,862	(97,281)
Investing Activities	79,957	86,789	43,453
Change in Cash and Cash Equivalents	219,953	76,798	(473,966)
Cash and Cash Equivalents - Beginning of Year	1,694,058	1,617,260	2,091,226
Cash and Cash Equivalents - End of Year	$ 1,914,011	1,694,058	1,617,260

For the year ended June 30, 2007, the net cash used by operating activities ($5.81 million) indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and state grants. These costs included the instructional contract with the University of Rio Grande. However, this amount is offset by the net cash from noncapital financing activities of $5.9 million and is indicative of the tremendous need that the College has for the appropriations from the State and local tax levies. The cash position of the College improved approximately $287,000 from 2006 to 2007 due to the increase in capital appropriations and approximately $70,000 more in property taxes received in 2007 than that of 2006.

Capital Assets

At June 30, 2007, the College had $13.42 million invested in capital assets, net of accumulated depreciation of $21.97 million. Depreciation charges totaled $1.28 million for the current fiscal year. A comparative summary of these assets is as follows:

Capital Assets, Net of Accumulated Depreciation
As of June 30

	2007	2006	2005
Land and Land Improvements	$ 279,609	335,026	385,193
Buildings	12,563,316	13,455,200	14,347,083
Building Improvements	462,292	538,575	757,276
Equipment	112,430	127,788	145,439
Total	$ 13,417,647	14,456,589	15,634,991

There were no major capital asset additions for the year ended June 30, 2007.

In 2007, the College began renovations on Florence Evans Hall to create a comprehensive one-stop student welcome and financial services center. The College also replaced a chiller unit in the Berry Fine Arts Center. Both projects were funded with capital appropriations from the state.

More detailed information about the College's capital assets is presented in the notes to the basic financial statements.

Economic Factors That Will Affect the Future

The economic position of the College is closely tied to that of the State. The current State budget projects an increase in State funding for the next two years in exchange for a freeze on tuition rates. In accordance with the State's legislative mandate, the Board of Trustees approved to freeze tuition rates for the next two academic years.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Rio Grande Community College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Financial Administrative Office at Rio Grande Community College, 218 North College Street, P.O. Box 326, Rio Grande, Ohio 45674 or call (740) 245-7236.

RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO
Statements of Net Assets
As of June 30, 2007 and 2006

		2007	2006
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$	1,914,011	1,694,058
Accounts Receivable:			
Tuition		498,495	399,099
Intergovernmental		215,607	262,113
Property Taxes		861,904	969,296
Prepaid Expenses		15,500	-
Total Current Assets		3,505,517	3,324,566
Noncurrent Assets:			
Capital Assets		13,417,647	14,456,589
Total Noncurrent assets		13,417,647	14,456,589
Total Assets		16,923,164	17,781,155
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities		143,821	181,777
Total Current Liabilities		143,821	181,777
Noncurrent Liabilities:			
Deferred Property Tax Revenue		818,503	941,794
Total Noncurrent Liabilities		818,503	941,794
Total Liabilities		962,324	1,123,571
NET ASSETS:			
Invested in Capital Assets		13,417,647	14,456,589
Restricted:			
Capital Projects		750,204	697,541
Unrestricted		1,792,989	1,503,454
Total Net Assets	$	15,960,840	16,657,584

See accompanying notes to the basic financial statements.

RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2007 and 2006

		2007	2006
OPERATING REVENUES:			
Student Tuition	$	4,041,173	4,044,781
Federal Grants and Contracts		177,365	352,285
State Grants		420,374	368,924
Other		2,340	-
Total Operating Revenues		4,641,252	4,765,990
OPERATING EXPENSES:			
Instructional Contract Expense		9,510,027	9,260,238
Bad Debt/Collection Expenses		27,263	27,899
Contractual costs - Title III		88,743	316,672
Credit Card Costs		4,780	2,974
Grant Transfers		262,434	358,460
Salaries		210,005	206,321
Fringe Benefits		93,448	54,663
Advertising/Promotions		50,498	69,309
Professional Fees		21,414	16,791
Office Expenses		10,937	12,720
Travel & Conferences		13,320	14,879
Dues & Subscriptions		18,025	15,578
Insurance		16,186	17,145
Other Expenses		8,146	10,322
Depreciation		1,127,663	1,293,186
Total Operating Expenses		11,462,889	11,677,157
Operating Loss		(6,821,637)	(6,911,167)
NONOPERATING REVENUES:			
State Appropriations		4,942,637	4,718,677
Property Taxes		915,003	877,396
Investment Income		79,957	86,789
Total Nonoperating Revenues		5,937,597	5,682,862
Loss Before other Revenues, Expenses, Gains or Losses		(884,040)	(1,228,305)
Capital Appropriations		187,296	187,298
Change in Net Assets		(696,744)	(1,041,007)
Net Assets - Beginning of Year		16,657,584	17,698,591
Net Assets - End of Year	$	15,960,840	16,657,584

See accompanying notes to the basic financial statements.

RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO
Statements of Cash Flows
For the Years Ended June 30, 2007 and 2006

		2007	2006
Cash Flows from Operating Activities:			
Tuition and Fees	$	3,941,777	4,416,865
Grants		616,982	611,295
Other Revenue		2,340	-
Contract Payments to University of Rio Grande		(9,510,027)	(9,421,369)
Grant Transfers to University of Rio Grande		(262,434)	(332,167)
Payments to Employees for Wages & Benefits		(303,453)	(244,835)
Payments to Vendors		(298,377)	(746,400)
Net Cash Used by Operating Activities		(5,813,192)	(5,716,611)
Cash Flows from Noncapital Financing Activities:			
State Appropriations		4,942,637	4,718,677
Property Taxes		915,003	896,147
Net Cash Provided by Noncapital Financing Activities		5,857,640	5,614,824
Cash Flows from Capital and Related Financing Activities:			
Capital Appropriations		187,296	187,298
Capital Asset Purchases		(91,748)	(95,502)
Net Cash (Used) Provided by Capital and Related Financing Activities		95,548	91,796
Cash Flows from Investing Activities:			
Interest on Investments		79,957	86,789
Net Cash Provided by Investing Activities		79,957	86,789
Change in Cash and Cash Equivalents		219,953	76,798
Cash and Cash Equivalents - Beginning of Year		1,694,058	1,617,260
Cash and Cash Equivalents - End of Year	$	1,914,011	1,694,058
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	$	(6,821,637)	(6,911,167)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense		1,127,663	1,293,186
Provision for Bad Debts		27,263	27,899
Changes in Assets and Liabilities:			
Tuition Receivable		(99,396)	126,224
Intergovernmental Receivable		19,243	(99,519)
Prepaid Expenses		(15,500)	-
Accounts Payable and Accrued Liabilities		(50,828)	(153,234)
Net Cash Used by Operating Activities	$	(5,813,192)	(5,716,611)
Non-Cash Capital and Related Financing Activities:			
Capital Assets acquired as Accounts Payable	$	12,872	15,899

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY

The Rio Grande Community College (the "College") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College was formed after the creation of a community college district, as defined in Ohio Revised Code Chapter 3354. The 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, for the purpose of gaining credit for further academic achievement. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by 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 four counties. A president is appointed by the Board of Trustees to oversee day-to-day operation of the College (see Note 12). An appointed Vice-President for Financial and Administrative Affairs is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the College.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Rio Grande Community College also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB No. 35) and subsequent standards issued by GASB, the financial statement presentation is intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

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 obligations have been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by providers have been met. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of the more significant policies.

Cash and Investments
To improve cash management, all cash received by the College is pooled in central bank accounts. For internal control and accountability purposes, individual fund integrity is maintained through the College's records.

During fiscal year 2007, investments were limited to Certificates of Deposit with local institutions and interest bearing checking accounts. The College makes investments in accordance with the Board of Trustees' policy which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Vice-President of Financial and Administrative Affairs within these policy guidelines.

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.

Capital Assets
Capital assets (except for Title III assets) with a unit cost of $1,000 or greater, including property, plant equipment and infrastructure such as roads and sidewalks are carried at cost at the date of acquisition, or fair market value at date of donation. Title III capital assets, which include computer equipment and software at any cost, are carried at cost at the date of acquisition, or fair market value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenses for construction in progress are capitalized as incurred.

The following summarizes the estimated useful life:

Assets	Years
Buildings	30
Building Improvements	15
Land Improvements	10
Equipment	3
Computer Technology	3

Accounts Receivable
Receivables at June 30, 2006 consist primarily of student tuition, grants and property taxes. Receivables are reported at net, using the direct write-off method.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences
The College does not record a liability for sick leave and vacation. The amounts due are considered immaterial to the basic financial statements, and are recorded as an expense in the period incurred.

Operating Revenues
All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are state appropriations, property tax revenue and investment income.

Federal Financial Assistance Programs
The College participates in federally funded programs for Higher Educational Institutional Aid, Tech-Prep Education, Vocational Education and Improving Teacher Quality State Grants.

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 consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

At June 30, 2007 and 2006, the College had no nonexpendable restricted assets.

Restricted net assets – expendable. Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets - Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 may differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The key features of the budgetary process are as follows:

Tax Budget: During the Board of Trustees meeting in January, the Vice President for Financial and Administrative Affairs presents the annual tax budget for the following year to the Board for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 15, of each year, for the period July 1 to June 30 of the following year.

Estimated Resources: The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the College by April 1. As part of this certification, the College receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the College must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about July 1, the certificate of estimated resources is amended to include unencumbered fund balances at June 30 of the preceding year. The certificate may be further amended during the year if revenue fluctuations are anticipated.

Appropriations: A temporary appropriation ordinance to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation ordinance must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the function level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Fund appropriations may be modified during the year only by a resolution of the Board of Trustees. During the year, there were no amendments to the original appropriation resolution.

Encumbrances: As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lapsing of Appropriations: At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

NOTE 3 – CASH AND INVESTMENTS

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

Active Deposits are those monies required to be kept in a cash or near-cash status for immediate use by the College. Such monies must be maintained either as cash in the College treasury or in depository accounts payable or withdrawable on demand, including negotiable order for withdrawal (NOW) accounts or in money market deposit accounts.

Inactive Deposits are 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 no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

A. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal 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 issuance of federal government agencies or instrumentalities:

C. Written purchase 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 fair value daily, and that the term of the agreement must not exceed thirty days;

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation, 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 financial institution.

Deposits - Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability to recover the value of deposits, investments or collateral securities in the possession of an outside party. The College's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. As of the June 30, 2007, bank balances of $1,914,710: $859,719 was covered by federal depository insurance and the remaining $1,054,991 was exposed to custodial risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law. As of the June 30, 2006, bank balances of $1,703,274: $860,348 was covered by federal depository insurance and the remaining $842,926 was exposed to custodial risk.

Interest rate risk – The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice the College manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to approximately two years.

Credit Risk – It is the College's practice to limit its investments to those explicitly guaranteed by the U.S. government, to STAR Ohio (rated AAA by Standard & Poor's), or to high yield cash investments with authorized banks which pledge pooled securities as collateral.

Concentration of credit risk – The College places no limit on the amount the college may invest in any one issuer.

NOTE 4 – STATE SUPPORT

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

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

As a result of the above described financial assistance provided by the State of Ohio to the College, outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's Statement of Net Assets. 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 College's accounts.

NOTE 5 – 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. By contract with the University of Rio Grande (see Note 12 for further details), comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Health care insurance coverage is offered to employees through commercial insurance companies.

The College pays the Ohio Bureau of Worker's Compensation a premium based on a rate per $100 of salaries. The rate is calculated based upon accident history and administrative costs.

The College pays all administrative and appointed officials' bonds by statute.

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant changes in coverage from prior years.

NOTE 6 – PENSION PLANS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan —a cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan —a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan —a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. The member contribution rates were 9.0% of their annual covered salary to fund pensions obligations. The employer contribution rate was 13.54% of covered payroll. The College's required contributions to PERS for the years ended June 30, 2007, 2006, and 2005 were $25,582, $28,178, and $22,160, respectively, 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 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.

NOTE 6 – PENSION PLANS (Continued)

Vesting of contributions made by the College occurs in accordance with the following vesting schedule:

Years of Service	Percentage Vested
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.

No employees have elected to participate in the alternative retirement plan for the year ended June 30, 2007.

403(b) Plan

Effective April 1, 2004, the Rio Grande Community College Board of Trustees approved a 403(b) plan for its employees. The plan calls for the college to match voluntary withholdings of the employee up to 5% of the employees annual salary.

Vesting of matching contributions made by the College occurs in accordance with the following vesting schedule:

Years of Service	Percentage Vested
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Employees are eligible to participate in the plan after six months of employment with the College. Contributions on behalf of employees for the years ended June 30, 2007, 2006 and 2005 was $7,400, $7,616 and $6,466, respectively.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2006 employer contribution rate for state employers was 13.54% of covered payroll, of which 4.50% was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review—The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005.

Funding Method—The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method— All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return—The investment assumption rate for 2005 was 6.50%.

Active Employee Total Payroll—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

Health Care— Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804.

The portion of College's contributions that were used to fund postemployment benefits was $8,500.74. The amount of $11.1 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2005. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

OPERS Retirement Board Implements its Health Care Preservation Plan: The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 8 – PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. First half tax collections are received by the College in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the various counties. Property tax revenue received during calendar 2007 for real and public utility property taxes represents collections of calendar 2006 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) are for calendar 2007 taxes.

2007 real property taxes are levied after April 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after April 1, 2007 and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after April 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are twenty-five percent of true value.

NOTE 8 – PROPERTY TAX (Continued)

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. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which the fiscal year 2007 taxes were collected for the College are:

		Gallia County	Jackson County	Meigs County	Vinton County	Hocking County
Agricultural/Residential and Other Real Estate (2006 Valuation)	$	413,890,690	405,541,930	228,676,940	138,189,070	32,370
Public Utility Personal (2006 Valuation)		159,885,530	43,006,220	37,740,850	26,781,880	13,250
Tangible Personal Property (2006 Valuation)		34,161,870	45,960,122	7,794,610	9,147,974	62
	$	607,938,090	494,508,272	274,212,400	174,118,924	45,682
Tax rate per $1,000 of Assessed Valuation		$1.00	$1.00	$1.00	$1.00	$1.00

The College receives property taxes from Meigs, Vinton, Gallia and Jackson Counties. The County Auditors can periodically advance to the College its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2007, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2007, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

Classification		Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Land	$	2	-	-	2
Land Improvements		1,027,382	-	-	1,027,382
Buildings		26,756,481	-	-	26,756,481
Building Improvements		4,933,186	16,030	-	4,949,216
Equipment		2,583,753	72,691	5,493	2,650,951
Total Capital Assets		35,300,804	88,721	5,493	35,384,032
Less: Accumulated Depreciation					
Land Improvements		692,358	55,417	-	747,775
Buildings		13,301,282	891,883	-	14,193,165
Building Improvements		4,394,611	92,313	-	4,486,924
Equipment		2,455,964	88,050	5,493	2,538,521
Total Accumulated Depreciation		20,844,215	1,127,663	5,493	21,966,385
Net Capital Assets	$	14,456,589	(1,038,942)	-	13,417,647

Depreciation expense for the fiscal year ended June 30, 2007 and 2006 was $1,127,663 and $1,293,186, respectively.

NOTE 10 – FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATIONS

The accompanying Statement of Revenues, Expenses, and Changes in Net Assets reflect the natural expense classifications utilized by the College. Functional expense classification would be as follows:

		2007	2006
Educational and General:			
Instructional Support	$	9,772,461	9,618,698
Institutional Support		562,765	765,273
Depreciation		1,127,663	1,293,186
Total	$	11,462,889	11,677,157

NOTE 11 – STUDENT FINANCIAL AID

The student financial aid program of the College is accounted for by the department of student financial aid of the University of Rio Grande, a private institution of higher education (see Note 12). The accounts of the department of student financial aid are not reflected in the accompanying financial statements.

NOTE 12 – INSTRUCTIONAL CONTRACT WITH THE UNIVERSITY OF RIO GRANDE

The College has a contract with the University of Rio Grande (the "University") whereby the University agrees to perform services for the College in return of an amount determined by the State of Ohio per fulltime equivalent student enrolled at the College. The current contract expired June 30, 2007. At the completion of the fiscal year, the contract was extended for one year expiring on June 30, 2008. Under the terms of the contract, the President of the University of Rio Grande may also serve as President of the College. The University provides to the 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 University on the same basis that such facilities are available to students of the University;
- Activities available to students of the University, such as athletics, clubs, dramatics, and other approved activities;
- Student services; including financial aid, career advising, campus policies, etc., and;
- Appropriate office space for the College's administrative offices.

Under the terms of the contract, the University agrees to lease to the College the land necessary for the 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 subleases these structures from the College for $1 and provides the operating and maintenance costs necessary to serve the student bodies of both the College and the University.

NOTE 13 – CONTINGENCIES

Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the College. 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, 2006. Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies, College management believes disallowances, if any, will be immaterial.

RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO

Board of Trustees and Administrative Personnel
For the Year Ended June 30, 2007

College Location
218 North College Street
Rio Grande, Ohio 45674

Mailing Address
P. O. Box 326
Rio Grande, Ohio 45674

Board of Trustees	Title	Appointed By	Term of Office
Mr. Thomas W. Karr	Chairman	Governor	09/28/01-10/10/10
Ms. Polly B. Wetherholt	Trustee	Gallia County[1]	12/18/97-09/27/07
Mr. Andrew R. Adelmann, Jr.	Trustee	Vinton County[1]	09/11/81-09/10/11
Mr. Paul M. Reed	Trustee	Joint Commissioners[2]	05/03/04-09/10/10
Mr. Carl G. Dahlberg	Trustee	Jackson County[1]	09/01/84-08/30/09
Mr. Michael L. Swisher	Trustee	Meigs County[1]	09/11/97-09/10/11
Mr. Jon P. Thompson	Trustee	Governor	04/07/06-09/04/07

Administrative Personnel

Dr. Herman L. Koby	President
Ms. Luanne R. Bowman	Vice President for Financial and Administrative Affairs

[1] – Appointed by the Board of County Commissioners

[2] – Appointed by action of the joint Boards of County Commissioners of Gallia, Jackson, Meigs, and Vinton Counties.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

Board of Trustees
Rio Grande Community College
Gallia County

We have audited the accompanying financial statements of the business-type activities of Rio Grande Community College, Gallia County, Ohio (the College), as of and for the year ended June 30, 2007 and 2006, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 3, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency , or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards.*

However, we noted certain matters that we have reported to management of the College in a separate letter dated January 3, 2008.

This report is intended solely for the information and use of the Board of Trustees, management, the Auditor of State of Ohio 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 3, 2008

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
JANUARY 29, 2008

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