

**CLARK STATE COMMUNITY COLLEGE**

**Financial Statements**

**June 30, 1999 and 1998**

**CLARK STATE COMMUNITY COLLEGE**

**Financial Statements**

**June 30, 1999 and 1998**

**with**

**Independent Auditors' Report**

**CLARK STATE COMMUNITY COLLEGE**

**Financial Statements**

**June 30, 1999 and 1998**

# CLARK STATE COMMUNITY COLLEGE

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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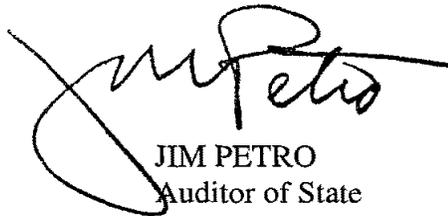
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Board of Trustees  
Clark State Community College

We have reviewed the independent auditor's report of the Clark State Community College, Clark County, prepared by Clark, Schaefer, Hackett & Co. for the audit period July 1, 1998 through June 30, 1999. 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 Clark State Community College is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

January 11, 2000

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

Independent Auditors' Report

Board of Trustees  
Clark State Community College

We have audited the accompanying general-purpose financial statements of Clark State Community College, a component unit of the State of Ohio, as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of Clark State Community College's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Clark State Community College, as of June 30, 1999 and 1998, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999 on our consideration of Clark State Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Clark State Community College taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Clark, Schaefer, Hackett & Co.*  
Springfield, Ohio  
December 8, 1999

CLARK STATE COMMUNITY COLLEGE

Balance Sheets

June 30, 1999 and 1998

|                                                                                              | <u>Assets</u>       |                  |
|----------------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                              | <u>1999</u>         | <u>1998</u>      |
| Current funds:                                                                               |                     |                  |
| Unrestricted:                                                                                |                     |                  |
| Educational and general:                                                                     |                     |                  |
| Cash                                                                                         | \$ 1,605,702        | 1,958,886        |
| Accounts receivable, less allowance for uncollectible<br>accounts of \$244,073 and \$365,622 | 1,005,635           | 545,052          |
| Prepaid expenses                                                                             | <u>198,141</u>      | <u>138,964</u>   |
| Total educational and general                                                                | <u>2,809,478</u>    | <u>2,642,902</u> |
| Auxiliary enterprises:                                                                       |                     |                  |
| Cash                                                                                         | 595,442             | 587,859          |
| Account Receivables                                                                          | 600                 | -                |
| Inventories, at cost                                                                         | 169,104             | 161,869          |
| Prepaid expenses                                                                             | <u>20,731</u>       | <u>17,437</u>    |
| Total auxiliary enterprises                                                                  | <u>785,877</u>      | <u>767,165</u>   |
| Total unrestricted                                                                           | <u>3,595,355</u>    | <u>3,410,067</u> |
| Restricted:                                                                                  |                     |                  |
| Cash                                                                                         | 15,079              | 40,289           |
| Accounts receivable                                                                          | 295,265             | 447,734          |
| Prepaid expenses                                                                             | <u>1,503</u>        | <u>-</u>         |
| Total restricted                                                                             | <u>311,847</u>      | <u>488,023</u>   |
| Total current funds                                                                          | <u>\$ 3,907,202</u> | <u>3,898,090</u> |

See accompanying summary of significant accounting policies and notes to financial statements.

Liabilities and Fund Balances

|                               | <u>1999</u>         | <u>1998</u>      |
|-------------------------------|---------------------|------------------|
| Current funds:                |                     |                  |
| Unrestricted:                 |                     |                  |
| Educational and general:      |                     |                  |
| Accounts payable              | \$ 303,422          | 459,528          |
| Accrued liabilities           | 672,010             | 815,641          |
| Unclaimed funds               | 18,674              | 14,152           |
| Deferred credits              | 515,217             | 323,562          |
| Fund balance - allocated      | 707,806             | 369,673          |
| Fund balance - unallocated    | <u>592,349</u>      | <u>660,346</u>   |
| Total educational and general | <u>2,809,478</u>    | <u>2,642,902</u> |
| Auxiliary enterprises:        |                     |                  |
| Accrued liabilities           | 18,857              | 13,447           |
| Fund balance - unallocated    | <u>767,020</u>      | <u>753,718</u>   |
| Total auxiliary enterprises   | <u>785,877</u>      | <u>767,165</u>   |
| Total unrestricted            | <u>3,595,355</u>    | <u>3,410,067</u> |
| Restricted:                   |                     |                  |
| Accounts payable              | 41,749              | 55,639           |
| Accrued liabilities           | 8,682               | 9,529            |
| Fund balances                 | <u>261,416</u>      | <u>422,855</u>   |
| Total restricted              | <u>311,847</u>      | <u>488,023</u>   |
| Total current funds           | \$ <u>3,907,202</u> | <u>3,898,090</u> |

**CLARK STATE COMMUNITY COLLEGE**

Balance Sheets (Continued)

June 30, 1999 and 1998

|                                   | <u>Assets</u> |             |
|-----------------------------------|---------------|-------------|
|                                   | <u>1999</u>   | <u>1998</u> |
| Agency funds:                     |               |             |
| Cash                              | \$ 96,810     | 218,934     |
| Accounts receivable               | 75,472        | 14,394      |
| Prepaid expenses                  | 1,120         | -           |
| Total agency funds                | \$ 173,402    | 233,328     |
| Loan funds:                       |               |             |
| Cash                              | \$ 17,098     | 29,080      |
| Accounts receivable               | 37,902        | 25,920      |
| Total loan funds                  | \$ 55,000     | 55,000      |
| Endowment and similar funds:      |               |             |
| Cash                              | \$ 503,243    | 415,879     |
| Accounts receivable               | -             | 125         |
| Investments                       | 1,214,528     | 1,138,600   |
| Total endowment and similar funds | \$ 1,717,771  | 1,554,604   |
| Unexpended funds:                 |               |             |
| Cash                              | \$ 4,487      | -           |
| Total unexpended funds            | 4,487         | -           |
| Plant funds:                      |               |             |
| Investment in plant:              |               |             |
| Land                              | \$ 1,086,131  | 1,086,131   |
| Improvements other than buildings | 2,696,593     | 2,311,699   |
| Buildings                         | 30,638,190    | 28,334,092  |
| Moveable equipment                | 6,232,627     | 5,993,346   |
| Library books                     | 666,827       | 642,531     |
| Construction in progress          | 769,125       | 2,857,796   |
| Total investment in plant         | 42,089,493    | 41,225,595  |
| Total plant funds                 | \$ 42,089,493 | 41,225,595  |

See accompanying summary of significant accounting policies and notes to financial statements.

Liabilities and Fund Balances

|                                     | <u>1999</u>          | <u>1998</u>       |
|-------------------------------------|----------------------|-------------------|
| Agency funds:                       |                      |                   |
| Accounts payable                    | \$ 193               | 33,885            |
| Accrued liabilities                 | 20,219               | 17,430            |
| Deferred revenue                    | -                    | 15,251            |
| Deposits held in custody for others | <u>152,990</u>       | <u>166,762</u>    |
| Total agency funds                  | <u>\$ 173,402</u>    | <u>233,328</u>    |
| <br>                                |                      |                   |
| Loan funds:                         |                      |                   |
| Fund balance                        | <u>\$ 55,000</u>     | <u>55,000</u>     |
| <br>                                |                      |                   |
| Total loan funds                    | <u>\$ 55,000</u>     | <u>55,000</u>     |
| <br>                                |                      |                   |
| Endowment and similar funds:        |                      |                   |
| Deferred revenue                    | \$ -                 | 1,550             |
| Fund balance                        | <u>1,717,771</u>     | <u>1,553,054</u>  |
| <br>                                |                      |                   |
| Total endowment and similar funds   | <u>\$ 1,717,771</u>  | <u>1,554,604</u>  |
| <br>                                |                      |                   |
| Unexpended funds:                   |                      |                   |
| Fund balance                        | <u>\$ 4,487</u>      | <u>-</u>          |
| Total unexpended funds              | <u>4,487</u>         | <u>-</u>          |
| <br>                                |                      |                   |
| Plant funds:                        |                      |                   |
| Investment in plant:                |                      |                   |
| Accounts payable                    | \$ -                 | 306,024           |
| Leases payable                      | -                    | 472               |
| Fund balance                        | <u>42,089,493</u>    | <u>40,919,099</u> |
| <br>                                |                      |                   |
| Total investment in plant           | <u>42,089,493</u>    | <u>41,225,595</u> |
| <br>                                |                      |                   |
| Total plant funds                   | <u>\$ 42,089,493</u> | <u>41,225,595</u> |

CLARK STATE COMMUNITY COLLEGE

Statement of Changes in Fund Balances

Year Ended June 30, 1999

|                                                  | Current Funds                 |                          |                               |
|--------------------------------------------------|-------------------------------|--------------------------|-------------------------------|
|                                                  | Unrestricted                  |                          | Restricted                    |
|                                                  | Educational<br>and<br>General | Auxiliary<br>Enterprises | Educational<br>and<br>General |
| Revenues and other additions:                    |                               |                          |                               |
| Unrestricted current fund revenues               | \$ 11,806,380                 | 1,782,720                | -                             |
| State appropriations - restricted                | -                             | -                        | 201,952                       |
| Federal grants and contracts - restricted        | -                             | -                        | 1,881,221                     |
| State grants and contracts - restricted          | -                             | -                        | 283,127                       |
| Local grants and contracts - restricted          | -                             | -                        | 188,087                       |
| Private gifts, grants and contracts - restricted | -                             | -                        | 204,297                       |
| Investment income - restricted                   | -                             | -                        | -                             |
| Expended for plant facilities                    | -                             | -                        | -                             |
| Retirement of indebtedness                       | -                             | -                        | -                             |
| Total revenues and other additions               | <u>11,806,380</u>             | <u>1,782,720</u>         | <u>2,758,684</u>              |
| Expenditures and other deductions:               |                               |                          |                               |
| Educational and general expenditures             | 11,534,487                    | -                        | 2,886,454                     |
| Auxiliary enterprises expenditures               | -                             | 1,754,404                | -                             |
| Expended for plant facilities                    | -                             | -                        | -                             |
| Interest and service charges                     | -                             | -                        | -                             |
| Disposal of plant facilities                     | -                             | -                        | -                             |
| Total expenditures and other deductions          | <u>11,534,487</u>             | <u>1,754,404</u>         | <u>2,886,454</u>              |
| Other transfers and additions/(deductions):      |                               |                          |                               |
| Non-mandatory:                                   |                               |                          |                               |
| Current allocated fund balance, adjustment       | (338,133)                     | -                        | -                             |
| Restricted fund to endowment and similar funds   | -                             | -                        | (30,498)                      |
| Endowment and similar funds to restricted        | (8,094)                       | -                        | 27,809                        |
| Total other transfers and additions/(deductions) | <u>(346,227)</u>              | <u>-</u>                 | <u>(2,689)</u>                |
| Fund balance adjustment                          | <u>6,337</u>                  | <u>(15,015)</u>          | <u>(30,979)</u>               |
| Net increase/(decrease) for the year             | (67,997)                      | 13,301                   | (161,438)                     |
| Fund balance, beginning of year                  | <u>660,346</u>                | <u>753,719</u>           | <u>422,854</u>                |
| Fund balance, end of year                        | \$ <u>592,349</u>             | <u>767,020</u>           | <u>261,416</u>                |

See accompanying summary of significant accounting policies and notes to financial statements.

Plant Funds

| <u>Loan<br/>Funds</u> | <u>Endowment<br/>and Similar<br/>Funds</u> | <u>Unexpended</u> | <u>Investment<br/>in Plant</u> |
|-----------------------|--------------------------------------------|-------------------|--------------------------------|
| -                     | -                                          | -                 | -                              |
| -                     | -                                          | -                 | -                              |
| -                     | -                                          | -                 | -                              |
| -                     | -                                          | -                 | -                              |
| -                     | 60,360                                     | -                 | -                              |
| -                     | 106,992                                    | -                 | -                              |
| -                     | -                                          | -                 | 1,228,596                      |
| -                     | -                                          | -                 | 472                            |
| <u>-</u>              | <u>167,352</u>                             | <u>-</u>          | <u>1,229,068</u>               |
| -                     | 5,324                                      | -                 | -                              |
| -                     | -                                          | -                 | -                              |
| -                     | -                                          | 3,607             | -                              |
| -                     | -                                          | -                 | -                              |
| -                     | -                                          | -                 | 71,987                         |
| <u>-</u>              | <u>5,324</u>                               | <u>3,607</u>      | <u>71,987</u>                  |
| -                     | -                                          | -                 | -                              |
| -                     | 30,498                                     | -                 | -                              |
| -                     | (27,809)                                   | 8,094             | -                              |
| <u>-</u>              | <u>2,689</u>                               | <u>8,094</u>      | <u>-</u>                       |
| <u>-</u>              | <u>-</u>                                   | <u>-</u>          | <u>(275,732)</u>               |
| -                     | 164,717                                    | 4,487             | 881,349                        |
| <u>55,000</u>         | <u>1,553,054</u>                           | <u>-</u>          | <u>41,208,144</u>              |
| <u>55,000</u>         | <u>1,717,771</u>                           | <u>4,487</u>      | <u>42,089,493</u>              |

**CLARK STATE COMMUNITY COLLEGE**

Statements of Current Funds Revenues, Expenditures, and Other Changes

Years Ended June 30, 1999 and 1998

|                                                         | Unrestricted                  |                          |                       |
|---------------------------------------------------------|-------------------------------|--------------------------|-----------------------|
|                                                         | Educational<br>and<br>General | Auxiliary<br>Enterprises | Total<br>Unrestricted |
| Revenues:                                               |                               |                          |                       |
| Tuition and fees, and other student charges             | \$ 4,650,014                  | 652,862                  | 5,302,876             |
| State appropriations                                    | 6,362,397                     | -                        | 6,362,397             |
| Federal grants and contracts                            | -                             | -                        | -                     |
| State grants and contracts                              | 73,609                        | -                        | 73,609                |
| Local grants and contracts                              | -                             | -                        | -                     |
| Private gifts, grants, and contracts                    | -                             | -                        | -                     |
| Sales and services of auxiliary enterprises             | -                             | 1,129,858                | 1,129,858             |
| Other sources                                           | 720,360                       | -                        | 720,360               |
| Total current revenues                                  | 11,806,380                    | 1,782,720                | 13,589,100            |
| Expenditures and mandatory transfers:                   |                               |                          |                       |
| Educational and general:                                |                               |                          |                       |
| Instruction and departmental research                   | 3,912,672                     | -                        | 3,912,672             |
| Public service                                          | 954,857                       | -                        | 954,857               |
| Academic support                                        | 405,520                       | -                        | 405,520               |
| Student services                                        | 1,194,069                     | -                        | 1,194,069             |
| Institutional support                                   | 2,606,289                     | -                        | 2,606,289             |
| Operation and maintenance of plant                      | 2,129,874                     | -                        | 2,129,874             |
| Scholarships and fellowships                            | 331,206                       | -                        | 331,206               |
| Total educational and general expenditures              | 11,534,487                    | -                        | 11,534,487            |
| Auxiliary enterprises:                                  |                               |                          |                       |
| Expenditures                                            | -                             | 1,754,404                | 1,754,404             |
| Total auxiliary enterprises                             | -                             | 1,754,404                | 1,754,404             |
| Total expenditures and mandatory transfers              | 11,534,487                    | 1,754,404                | 13,288,891            |
| Other transfers and additions/(deductions):             |                               |                          |                       |
| Current allocated fund balance adjustment               | (338,133)                     | -                        | (338,133)             |
| Endowment and similar funds to unrestricted             | (8,094)                       | -                        | (8,094)               |
| Excess of restricted receipts over transfers to revenue | -                             | -                        | -                     |
| Total other transfers and additions/(deductions)        | (346,227)                     | -                        | (346,227)             |
| Net increase (decrease) in fund balances                | \$ (74,334)                   | 28,316                   | (46,018)              |

See accompanying summary of significant accounting policies and notes to financial statements.

| Restricted<br>Educational<br>and<br>General | (Memorandum Only)              |                                |
|---------------------------------------------|--------------------------------|--------------------------------|
|                                             | 1999<br>Total Current<br>Funds | 1998<br>Total Current<br>Funds |
| -                                           | 5,302,876                      | 5,127,164                      |
| 201,952                                     | 6,564,349                      | 6,330,168                      |
| 1,881,221                                   | 1,881,221                      | 1,734,676                      |
| 283,127                                     | 356,736                        | 462,558                        |
| 188,087                                     | 188,087                        | -                              |
| 332,067                                     | 332,067                        | 77,802                         |
| -                                           | 1,129,858                      | 1,132,381                      |
| -                                           | 720,360                        | 717,691                        |
| <u>2,886,454</u>                            | <u>16,475,554</u>              | <u>15,582,440</u>              |
| 335,544                                     | 4,248,216                      | 4,325,097                      |
| 716,368                                     | 1,671,225                      | 1,662,095                      |
| 60,263                                      | 465,783                        | 368,248                        |
| 53,896                                      | 1,247,965                      | 1,111,719                      |
| 76,010                                      | 2,682,299                      | 2,621,505                      |
| 289,182                                     | 2,419,056                      | 1,691,406                      |
| 1,355,191                                   | 1,686,397                      | 1,543,629                      |
| <u>2,886,454</u>                            | <u>14,420,941</u>              | <u>13,323,699</u>              |
| -                                           | 1,754,404                      | 1,679,852                      |
| -                                           | 1,754,404                      | 1,679,852                      |
| <u>2,886,454</u>                            | <u>16,175,345</u>              | <u>15,003,551</u>              |
| -                                           | (338,133)                      | 269,507                        |
| -                                           | (8,094)                        | -                              |
| -                                           | -                              | 11,478                         |
| -                                           | (346,227)                      | 280,985                        |
| -                                           | (46,018)                       | 859,874                        |

**CLARK STATE COMMUNITY COLLEGE  
CLARK COUNTY**

Notes to Financial Statements

I. Summary of Significant Accounting Principles:

A. Description of Entity:

Clark State Community College (CSCC) is a public, two-year institution of higher education. The Ohio Board of Regents chartered CSCC as Clark Technical College (CTC) in 1966. On June 17, 1988, in accordance with the provisions of Chapter 3345 of the Ohio Revised Code, the Ohio Board of Regents granted to the Board of Trustees of CTC the right and privilege to create, establish and operate as Clark State Community College. The College curriculum includes agriculture, arts, business, health, sciences and public service technologies, as well as engineering technologies. Educational processes are conducted at four buildings on the main campus, a downtown center which houses the business technologies, and a performing arts center. Clark State Community College is governed by a nine member Board of Trustees, appointed by the Governor of the State of Ohio. Clark State Community College is a component unit of the State of Ohio.

B. Accrual and Fund Accounting:

The general purpose financial statements of Clark State Community College have been prepared on the accrual basis in accordance with generally accepted accounting principles of fund accounting for educational institutions, except for the use of encumbrance accounting for material and services. Under this method, resources for various purposes are classified into funds in accordance with specific activities or objectives with separate accounts maintained for each fund. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are recorded and reported by such fund groups.

Funds provided by outside sources for specific purposes are reported as restricted funds and may only be used for the purposes intended. Unrestricted fund balances may be internally designated by the Board of Trustees for specific purposes and are reported as allocated funds.

Generally, unrestricted and internally designated funds are accounted for initially in the unrestricted current fund group and then in the group designated by the Board of Trustees.

Current funds

Unrestricted - The unrestricted fund is used to account for transactions related to the primary and supporting missions of an educational institution. Assets of the unrestricted fund include all resources that are not restricted to use by either a donor or an external agency.

Current funds used for the replacement of moveable equipment, library books and furniture are recorded as expenditures; non-mandatory transfers as approved by the Board of Trustees include funds to be expended for capital projects and certain other items.

The current fund group includes those economic resources of a college which are expendable for the purpose of performing the primary missions of instruction, research, and public service and which are not restricted by external sources or designated by the governing board for other than operating purposes.

Auxiliary funds - An auxiliary enterprise is an accounting entity within the current unrestricted fund conducted primarily to provide goods, facilities and services to and generate revenue from students, faculty, staff and, to a lesser extent, the general public. The distinguishing characteristic of an auxiliary enterprise is that it is managed as, and intended to be, a self-supporting activity.

Restricted - The restricted fund accounts for resources that are available to finance current operations of the College but whose use has been restricted to some designated activity by donors and other external agencies.

#### Agency funds

The agency fund group consists of funds held by the college as fiscal agent for the benefit of the students attending the college. Transactions of the agency funds are not transactions of *unrestricted or restricted current funds*. Assets of the agency funds are accounts receivable, cash and prepaid expenses. Liabilities of agency funds include accounts payable and balances representing the net assets owing to the individual or organization for which the institution is acting as custodian.

#### Loan funds

This fund accounts for interest-free loans made to employees of the College for the purchase of computers for personal use.

#### Endowment and similar funds

Endowment funds are those for which donors or other external agencies have stipulated, under the terms of the gift instrument creating the fund, that the principal of the fund is not expendable.

#### Plant funds

The plant fund group is used to account for (1) unexpended plant funds to be used for the acquisition of long-lived assets for institutional purposes, (2) funds set aside for the renewal and replacement of institutional properties, (3) funds set aside for debt service charges and retirement of indebtedness on institutional plant, and (4) the cost of long-lived assets (other than those of endowment and similar funds) and the sources from which the cost is funded, including associated liabilities.

### C. Estimates:

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

D. Pooled Cash and Investments:

Clark State Community College maintains a cash and investment pool used by all funds. Each fund's portion of this pool is displayed on the "Balance Sheet."

Investment procedures are restricted by the provision of the Revised Code. Purchased investments are valued at cost, which approximates market, and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

Legal requirements - Statutes require the classification of monies held by Clark State Community College into three categories. Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near cash" status for immediate use by the 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 of withdrawal (NOW) accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposits maturing not later than the end of the current period of designation of depositories. Category 3 consists of "interim" monies, those monies which are not needed for immediate use, but which will be needed before the end of the current period of depositories. Interim monies may be invested or deposited in the following securities:

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

Notwithstanding the foregoing requirements, Clark State Community College may invest any monies not required to be used for a period of six months in the following classes of investments:

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Discount notes of the federal national mortgage association;
3. Bonds issued by the home owner's loan corporation;
4. Bonds of the State of Ohio; and
5. Bonds of any municipal corporation, village, county, township, or other political subdivision of this state, as to which there is no default of principal, interest, or coupons.

E. Property, Plant and Equipment:

Property, plant and equipment are recorded at cost or, if acquired by gift, at fair market value at the date of the gift. In the absence of historical cost records, equipment is recorded at the current cost of replacement as of that date, based on an inventory and appraisal of the equipment by an independent appraisal firm.

Subsequent additions are recorded at cost. When assets are sold or otherwise disposed of, the net investment in the plant fund is reduced accordingly. The College follows the general educational institution practice of not providing for depreciation.

Investment in Plant subgroup is not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in current funds, and related assets are reported in the Plant Fund investment in plant subgroup. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on date received. Assets in the plant fund are not depreciated.

F. Financial Statements:

The statement of current funds revenues, expenditures and other changes is a statement of financial activity of current funds related to the current reporting period. This statement is presented in two sections to separately account for unrestricted funds, over which the Board of Trustees has full control as to use in achieving any of its institutional purposes, in contrast to restricted funds, whose use is limited to specified activities or objectives. Unrestricted revenues reported in this statement represent funds available for current operating needs. Certain other current fund expendable resources received during the year will be reported as revenues as expended in future periods in accordance with their terms.

G. Memorandum Only - Total Columns:

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. 1998 totals have also been included to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. State Support:

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

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

Neither the obligation for the revenue bonds issued by the OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. Currently, these are being funded through appropriations to the 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 State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education.

3. Deposits:

At year-end, the carrying amount of Clark State Community College's cash and deposits was \$1,094,741 and the bank balance was \$3,207,931. Of the bank balance:

1. \$600,000 was covered by federal depository insurance, or by collateral held by a qualified third party trustee in the name of the College.
2. \$2,607,931 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments - The College's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the College.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the College's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the College's name.

|                                                       | Category<br><u>1</u> | Category<br><u>2</u> | Category<br><u>3</u> | Carrying<br><u>Value</u> | Market<br><u>Value</u> |
|-------------------------------------------------------|----------------------|----------------------|----------------------|--------------------------|------------------------|
| Certificates of Deposit                               | 1,154,903            | -                    | -                    | 1,154,903                | 1,154,903              |
| Equity Securities                                     | 59,625               | -                    | -                    | 59,625                   | 59,625                 |
| Investment in State<br>Treasurer's<br>Investment Pool | -                    | -                    | -                    | 1,743,120                | 1,743,120              |
|                                                       | <u>1,214,528</u>     | <u>-</u>             | <u>-</u>             | <u>2,957,648</u>         | <u>2,957,648</u>       |

A reconciliation between the classifications of cash and investments on the combined financial statements and classifications per GASB #3 is as follows:

Cash and Cash Equivalents

|                                  | <u>Deposits</u>     | <u>Investments</u> |
|----------------------------------|---------------------|--------------------|
| Amounts per financial statements | \$ 2,837,861        | 1,214,528          |
| Investments: STAR Ohio           | (1,743,120)         | 1,743,120          |
| GASB Statement #3                | <u>\$ 1,094,741</u> | <u>2,957,648</u>   |

4. Fund Balance Adjustments:

The fund balance adjustments are attributable to minor prior year adjustments. Also, the liability for accrued wages and severance pay was increased or decreased in this line item.

5. Pension and Retirement Plans:

School Employees Retirement System - Post Employment Health Benefits

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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 retirement benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 4.98%. 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 1998, the minimum pay has been established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employers contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million.

The number of participants currently receiving health care benefits is approximately 50,000.

The portion of employer contributions that were used to fund postemployment benefits equaled \$190,675.

School Employees Retirement System - Post Employment Pension Benefits

Clark State Community College contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 45 N. Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and Clark State Community College is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS' Retirement Board. The College's contributions to SERS for the years ended June 30, 1999, 1998

and 1997 were \$465,979, \$431,812, and \$447,480, respectively, equal to the required contributions for each year.

#### State Teachers Retirement System - Post Employment Health Benefits

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the healthcare cost in the form of a monthly premium.

The R.C. grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio Law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll.

For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

#### State Teachers Retirement System - Post Employment Pension Benefits

Clark State Community College contributes to the State Teachers Retirement System of Ohio (STRS) a cost-sharing, multiple-employer public employee retirement system.

STRS is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution, or other agency wholly controlled, managed, and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60, (ii) 25 years of service credit and attained age 55, or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of STRS or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of the reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefit are established by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9.3% of covered payroll for members and 14% for employers. The contribution requirements for the years ended June 30, 1999, 1998, and 1997 were \$495,643, \$474,291, and \$476,659, which represents 100% of required employer contributions for each of the years ending June 30, 1999, 1998 and 1997, respectively.

STRS issues a stand-alone financial report. Copies of STRS's 1998 *Comprehensive Annual Financial Report* will be available after January 1, 1999, and can be requested by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 277-4090.

6. Insurance:

The College maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damages.

7. Guaranteed Student Loan Program:

The college receives non-cash assistance in the form of federal student loan guarantees. The total of subsidized and unsubsidized Stafford Loans and Parents Loans for Undergraduate Students granted for the years ended June 30, 1999 and 1998 was \$1,602,330 and \$1,709,869, respectively.

8. Compensated Absences:

Management and professional employees earn vacation leave at a rate of 13.33 hours for each month of service up to a maximum of 160 hours. Support staff earn vacation at a rate of 6.66 hours per month of service, up to a maximum of 80 hours, during the first five years of service. After five years of continuous employment, 6.66 hours per month plus 8 hours for each year employed is accrued for the next five years of service up to a maximum of 120 hours. After 15 full years of employment, employees will receive 160 hours of accrued vacation per year. College policy, however, allows a maximum of 40 vacation hours to be carried over to the subsequent year. Upon termination of employment, an employee is entitled to payment for all unused, accrued vacation hours.

All college employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Annual unused sick leave has unlimited accrual. This sick leave will either be absorbed by time off due to illness or injury, or within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 240 hours. The College uses a five-year rolling average to estimate the liability for the next fiscal year.

The President is covered by the above stated Board policy on "sick leave severance upon retirement." The President is entitled to 30 days annual paid vacation. The President may elect to receive the cash equivalent of up to 10 days of unused vacation annually.

The total amount accrued for compensated absences at June 30, 1999 is as follows:

|                                             |                 |
|---------------------------------------------|-----------------|
|                                             | <u>1999</u>     |
| Vacation                                    | \$44,745        |
| Sick leave                                  | <u>33,688</u>   |
| <br>                                        |                 |
| Total compensated absence accrued liability | <u>\$78,433</u> |

9. Plant Fund Assets:

The following is a summary of changes in the general fixed assets account group during the fiscal year:

|                                   | <u>Balance</u><br><u>7/1/98</u> | <u>Additions</u> | <u>Deletions</u>   | <u>Balance</u><br><u>6/30/99</u> |
|-----------------------------------|---------------------------------|------------------|--------------------|----------------------------------|
| Land                              | 1,086,131                       | -                | -                  | 1,086,131                        |
| Buildings                         | 28,334,092                      | 2,555,021        | (250,923)          | 30,638,190                       |
| Improvements other than buildings | 2,311,699                       | 384,894          | -                  | 2,696,593                        |
| Moveable equipment                | 5,993,346                       | 345,775          | (106,494)          | 6,232,627                        |
| Library books                     | 642,531                         | 24,296           | -                  | 666,827                          |
| Construction in progress          | <u>2,857,796</u>                | <u>868,222</u>   | <u>(2,956,893)</u> | <u>769,125</u>                   |
| <br>                              |                                 |                  |                    |                                  |
| Total                             | <u>41,225,595</u>               | <u>4,178,208</u> | <u>(3,314,310)</u> | <u>42,089,493</u>                |

10. Construction in Progress:

The college is presently involved in the following capital project:

HVAC Upgrades - This project is to be financed from local funds. As of June 30, 1999, the project was approximately 92% complete. For the fiscal year ended June 30, 1999, \$705,549 was financed from local funds.

11. Receivables:

Receivables at June 30, 1999 and 1998, consisted of employee loans, billings for student fees, rentals, sponsored billings and intergovernmental receivables arising from grants. All receivables are not considered collectible in full and an allowance for doubtful accounts was established as reflected in the financial statements.

A summary of the principal items of receivables follows:

| <u>Receivables</u>                 | <u>1999</u>         | <u>1998</u>      |
|------------------------------------|---------------------|------------------|
| <u>Current Fund - Unrestricted</u> |                     |                  |
| Student charges                    | \$ 421,261          | 479,049          |
| Room rental                        | 11,686              | 10,371           |
| Post secondary                     | 190,538             | 144,498          |
| Customized training services       | 130,417             | 122,753          |
| Sponsored billings                 | 107,311             | 97,647           |
| Miscellaneous                      | 388,495             | 56,356           |
| Allowance of bad debt              | <u>(244,073)</u>    | <u>(365,622)</u> |
| Total                              | \$ <u>1,005,635</u> | <u>545,052</u>   |
| <u>Auxiliary Fund</u>              |                     |                  |
| Miscellaneous                      | \$ <u>600</u>       | <u>-</u>         |
| <u>Restricted Fund</u>             |                     |                  |
| Intergovernmental receivables      | \$ 163,252          | 83,117           |
| Miscellaneous                      | <u>132,013</u>      | <u>364,617</u>   |
| Total                              | \$ <u>295,265</u>   | <u>447,734</u>   |
| <u>Agency Funds</u>                |                     |                  |
| Miscellaneous                      | \$ <u>75,472</u>    | <u>14,394</u>    |
| <u>Loan Fund</u>                   |                     |                  |
| Employee receivable                | \$ <u>37,902</u>    | <u>25,920</u>    |
| <u>Endowment and Similar Funds</u> |                     |                  |
| Miscellaneous                      | <u>-</u>            | <u>125</u>       |

12. Contingent Liability:

Miscellaneous amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the management expects such amounts, if any, to be immaterial.

13. Legal Compliance:

Pursuant to Section 117.11 (A) of the Revised Code, tests were performed with respect to compliance with various provisions of local, state and/or federal laws, as appropriate.

14. Joint Venture:

During 1996, in conjunction with Clark County Joint Vocational School, the College participated in creating a separate 501(c)(3) organization that operates a child day care facility. Clark State Community College operates as the Center's fiscal agent. The Center incurred an operating profit for fiscal year ended June 30, 1999. A formula has been established by the College and Clark County Joint Vocational School to determine each entity's share in funding these losses. Once the Center is operating at breakeven or better, it is expected to operate financially independently from the College and Clark County Joint Vocational School.

15. Year 2000 Issue:

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the College's operations as early as fiscal 1999.

The College has completed an inventory of computer systems and other equipment necessary to conducting the College's operations and has identified such systems as being financial reporting, payroll, and grant reporting.

- The financial reporting system has been assessed, remediated, and tested and validated.
- The payroll system has been assessed, remediated, and tested and validated.
- The College's grant reporting system, including federal and state grants, currently is being assessed.

The State of Ohio distributes a substantial sum of money to the College in the form of federal and state grants payments.

No remediation costs have been determined or committed at June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the College is or will be Year 2000 ready, that the College's remediation efforts will be successful in whole or in part, or that parties with whom the College does business will be Year 2000 ready.

CLARK STATE COMMUNITY COLLEGE

Board of Trustees

June 30, 1999

| <u>Name</u>         | <u>Title</u>     | <u>Term of Office</u> |
|---------------------|------------------|-----------------------|
| Donna Hart          | Chairperson      | 12/1/96 - 11/30/2002  |
| Dr. Richard Umbaugh | Vice-Chairperson | 12/1/96 - 11/30/2002  |
| O. Lester Smithers  | Member           | 12/1/98 - 11/30/2004  |
| Cathryn Balas       | Member           | 12/1/94 - 11/30/2000  |
| Clayton Hays        | Member           | 12/1/94 - 11/30/2000  |
| Faye Flack          | Member           | 12/1/98 - 11/30/2004  |
| James Doyle         | Member           | 12/1/98 - 11/30/2004  |
| Than Johnson        | Member           | 12/1/96 - 11/30/2002  |
| Alicia Hupp         | Member           | 3/04/96 - 11/30/2000  |

Legal Counsel

Phyllis S. Nedelman  
333 North Limestone Street  
Springfield, Ohio 45503

**CLARK STATE COMMUNITY COLLEGE**

**Administrative Personnel**

*As of June 30, 1999*

| <u>Name</u>       | <u>Title</u>                        |
|-------------------|-------------------------------------|
| Karen Nagle       | President                           |
| Joseph R. Jackson | Vice President for Business Affairs |
| Dixie Depew       | Controller                          |

Employees are bonded by the Cincinnati Insurance Company under blanket bond coverage of \$500,000.

CLARK STATE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 1999

| Federal Catalog Number                     | Project Number  | Beginning Balance 7/1/1998 | Total Revenue    | Total Disbursements | Ending Balance 6/30/1999 |
|--------------------------------------------|-----------------|----------------------------|------------------|---------------------|--------------------------|
| <u>Federal Grantor/Program Title</u>       |                 |                            |                  |                     |                          |
| <u>Department of Education</u>             |                 |                            |                  |                     |                          |
| <u>Title IV Programs</u>                   |                 |                            |                  |                     |                          |
| Supplemental Educational Opportunity Grant | E-P037A33254-95 | \$ -                       | 60,321           | 60,321              | -                        |
| College Work Study                         | E-P033A33254-95 | -                          | 75,000           | 74,847              | 153                      |
| Pell Grant                                 | E-P063P35028-95 | (11,980)                   | 1,222,897        | 1,210,917           | -                        |
| Vocational Education                       | 063370-2C-02    | -                          | 53,896           | 53,896              | -                        |
| Tech-Prep Program                          | 063370-3E-00    | 44,849                     | 151,087          | 166,216             | 29,720                   |
| <b>Total Title IV Programs</b>             |                 | <b>32,869</b>              | <b>1,563,201</b> | <b>1,566,197</b>    | <b>29,873</b>            |
| <u>Title III Programs</u>                  |                 |                            |                  |                     |                          |
| Strengthening Institutions                 | P031A980166-98  | -                          | 283,455          | 283,455             | -                        |
| <u>Department of Labor</u>                 |                 |                            |                  |                     |                          |
| JOBS                                       | N/A             | -                          | 17,715           | 17,715              | -                        |
| <b>Total Federal Assistance</b>            |                 | <b>\$ 32,869</b>           | <b>1,864,371</b> | <b>1,867,367</b>    | <b>29,873</b>            |

This schedule was prepared using the accrual basis of accounting.

During the fiscal year ending June 30, 1999, the College processed the following amount of new loans for the Guaranteed Student Loan Program (which includes Stafford Loans and Parents Loans for Undergraduate Students. . .

|                          |             |                   |
|--------------------------|-------------|-------------------|
| Guaranteed Student Loans | CDEA Number | Amount Authorized |
|                          | 84.032      | \$ 1,602,330      |

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

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

Board of Trustees  
Clark State Community College

We have audited the financial statements of Clark State Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated December 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clark State Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clark State Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we reported to management of Clark State Community College in a separate letter dated December 8, 1999.

This report is intended solely for the information and use of the audit committee, 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.

*Clark, Schaefer, Haskett & Co.*  
Springfield, Ohio  
December 8, 1999

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

Report On Compliance With Requirements Applicable To Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133

Board of Trustees  
Clark State Community College

Compliance

We have audited the compliance of Clark State Community 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, 1999. Clark State Community College's major federal programs are 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 Clark State Community College's management. Our responsibility is to express an opinion on Clark State Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Clark State Community 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 Clark State Community College's compliance with those requirements.

In our opinion, Clark State Community 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, 1999.

Internal Control Over Compliance

The management of Clark State Community 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 Clark State Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, 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 those specified parties.

*Clark, Schaefer, Hockett & Co.*  
Springfield, Ohio  
December 8, 1999

**CLARK STATE COMMUNITY COLLEGE**

Schedule of Findings and Questioned Costs

June 30, 1999

|                                 |
|---------------------------------|
| 1. Summary of Auditors' Results |
|---------------------------------|

|              |                                                                                                           |                                                                                                             |
|--------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| (d)(1)(i)    | Type of Financial Statement Opinion                                                                       | Unqualified                                                                                                 |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?    | No                                                                                                          |
| (d)(1)(ii)   | Were there any other reportable weakness conditions reported at the financial statement level (GAGAS)?    | No                                                                                                          |
| (d)(1)(iii)  | Were there any reported 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 § 510?                                                            | No                                                                                                          |
| (d)(1)(vii)  | Major Programs                                                                                            | Supplemental Educational Opportunity Grant, College Work Study, Pell Grant<br>CFDA # 84.007, 84.033, 84.063 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs                                                                       | Type A: > \$300,000<br>Type B: All others                                                                   |
| (d)(1)(ix)   | Low Risk Auditee?                                                                                         | Yes                                                                                                         |

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

4. Schedule of Prior Year Audit Findings and Questioned Costs OMB Circular A-133 § 315(b)

NONE



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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CLARK STATE COMMUNITY COLLEGE  
CLARK COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 25 2000