

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 1999

E. S. EVANS AND COMPANY  
Certified Public Accountants  
Lima, Ohio

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 1999

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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Board of Trustees  
Lima Technical College  
Allen County, Ohio

We have reviewed the independent auditor's report of the Lima Technical College, Allen County, prepared by E.S. Evans and Company, Certified Public Accountants, 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 Lima Technical College is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

January 12, 2000



# E. S. EVANS AND COMPANY

Certified Public Accountants

ESTABLISHED 1926

ROBERT E. WENDEL, CPA  
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E. S. EVANS, CPA, PFS  
(1930-1999)

December 20, 1999

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Lima Technical College  
Allen County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the accompanying balance sheet of Lima Technical College, as of June 30, 1999, and the related statements of changes in fund balances, and current funds revenues, expenditures, and other changes for the year then ended. These general purpose financial statements are the responsibility of the Lima Technical College's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides 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 Lima Technical College, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 1999 on our consideration of the Lima Technical 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 made for the purpose of forming an opinion on the general purpose financial statements of Lima Technical College, Allen County, Ohio 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.

The year 2000 supplementary information on page 29 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Lima Technical College is or will become year 2000 compliant, that Lima Technical College's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Lima Technical College does business are or will become year 2000 compliant.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

BALANCE SHEET  
June 30, 1999

|   | Current Funds |            |           |
|---|---------------|------------|-----------|
| <u>Assets</u>                                       | Unrestricted  | Restricted | Loan Fund |
| Cash and Cash Equivalents                           | \$ 955,559    | \$ -       | \$ -      |
| Investments   | 2,417,541     | -          | -         |
| Accounts Receivable, less allowance<br>of \$115,710 | 867,645       | -          | -         |
| Appropriations Receivable                           | 1,424,298     | 229,660    | -         |
| Due From Other Funds                                | 108,093       | -          | 1,907     |
| Property, Plant, and Equipment                      | -             | -          | -         |
| <u>Total Assets</u>                                 | \$ 5,773,136  | \$ 229,660 | \$ 1,907  |
| <b><u>Liabilities and Fund Balance</u></b>          |               |            |           |
| <u>Liabilities:</u>                                 |               |            |           |
| Accounts Payable                                    | \$ 484,620    | \$ 83,327  | \$ -      |
| Accrued Liabilities                                 | 859,593       | -          | -         |
| Compensated Absences                                | 479,001       | -          | -         |
| Deferred Credits                                    | 517,667       | -          | -         |
| Due To Other Funds                                  | -             | 110,000    | -         |
| <u>Total Liabilities</u>                            | 2,340,881     | 193,327    | -         |
| <u>Fund Balance:</u>                                |               |            |           |
| Current Funds:                                      |               |            |           |
| Allocated   | 785,515       | -          | -         |
| Unallocated   | 2,646,740     | 42,333     | -         |
| Restricted Funds:                                   |               |            |           |
| College Funds                                       | -             | -          | 1,907     |
| Investment in Plant                                 | -             | -          | -         |
| <u>Total Fund Balance</u>                           | 3,432,255     | 42,333     | 1,907     |
| <u>Total Liabilities and Fund Balance</u>           | \$ 5,773,136  | \$ 235,660 | \$ 1,907  |

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

| Plant<br>Fund        | Totals<br>(Memorandum Only) |                      |
|----------------------|-----------------------------|----------------------|
|                      | 1999                        | 1998                 |
| \$ -                 | \$ 955,559                  | \$ 742,860           |
| -                    | 2,417,541                   | 2,642,092            |
| -                    | 867,645                     | 1,492,465            |
| -                    | 1,653,958                   | 399,298              |
| -                    | 110,000                     | 94,874               |
| 30,641,789           | 30,641,789                  | 25,359,269           |
| <u>\$ 30,641,789</u> | <u>\$ 36,646,492</u>        | <u>\$ 30,730,858</u> |

|      |                  |                  |
|------|------------------|------------------|
| \$ - | \$ 567,947       | \$ 632,851       |
| -    | 859,593          | 722,876          |
| -    | 479,001          | 494,925          |
| -    | 517,667          | 516,198          |
| -    | 110,000          | 94,874           |
| -    | <u>2,534,208</u> | <u>2,461,724</u> |

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| -                    | 785,515              | 785,515              |
| -                    | 2,689,073            | 2,122,443            |
| -                    | 1,907                | 1,907                |
| 30,641,789           | 30,641,789           | 25,359,269           |
| 30,641,789           | 34,118,284           | 28,269,134           |
| <u>\$ 30,641,789</u> | <u>\$ 36,652,492</u> | <u>\$ 30,730,858</u> |

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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STATEMENT OF CHANGES IN FUND BALANCES  
For The Year Ended June 30, 1999

|  | <u>Current Funds</u>           |                   | <u>Loan Fund</u> |
|--|--------------------------------|-------------------|------------------|
|  | <u>Educational and General</u> |                   |                  |
|  | <u>Unrestricted</u>            | <u>Restricted</u> |                  |
| <b>Revenues and Other Additions:</b>                         |                                |                   |                  |
| Unrestricted Current Fund Revenues                           | \$ 13,436,973                  | \$ -              | \$ -             |
| State Appropriations   | -                              | 24,000            | -                |
| Federal Grants and Contracts                                 | -                              | 2,594,329         | -                |
| State Grants and Contracts                                   | -                              | 178,831           | -                |
| Private Gifts and Grants                                     | -                              | 29,840            | -                |
| Expended for Plant Facilities<br>(Current Fund Expenditures) | -                              | -                 | -                |
| <u>Total Revenues and Other Additions</u>                    | <u>13,436,973</u>              | <u>2,827,000</u>  | <u>-</u>         |
| <b>Expenditures and Other Deductions:</b>                    |                                |                   |                  |
| Educational & General Expenditures                           | 12,776,273                     | 2,921,070         | -                |
| Recovery of Indirect Expenses                                | (3,134)                        | 3,134             | -                |
| Disposal and Write-Offs of Plant Facilities                  | -                              | -                 | -                |
| <u>Total Expenditures and Other Deductions</u>               | <u>12,773,139</u>              | <u>2,924,204</u>  | <u>-</u>         |
| <br>   |                                |                   |                  |
| Net Increase/(Decrease) for the Year                         | 663,834                        | (97,204)          | -                |
| <br>   |                                |                   |                  |
| Fund Balance at Beginning of the Year                        | <u>2,768,421</u>               | <u>139,537</u>    | <u>1,907</u>     |
| <br>   |                                |                   |                  |
| Fund Balance at End of the Year                              | <u>\$ 3,432,255</u>            | <u>\$ 42,333</u>  | <u>\$ 1,907</u>  |

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

| Plant<br>Fund        | Totals<br>(Memorandum Only) |                      |
|----------------------|-----------------------------|----------------------|
|                      | 1999                        | 1998                 |
| \$ -                 | \$ 13,436,973               | \$ 12,624,984        |
| 4,721,678            | 4,745,678                   | 9,434,054            |
| -                    | 2,594,329                   | 2,401,808            |
| -                    | 178,831                     | 451,755              |
| -                    | 29,840                      | 65,281               |
| <u>597,488</u>       | <u>597,488</u>              | <u>712,989</u>       |
| <u>5,319,166</u>     | <u>21,583,139</u>           | <u>25,690,871</u>    |
| -                    | 15,697,343                  | 14,869,646           |
| -                    | -                           | -                    |
| <u>36,646</u>        | <u>36,646</u>               | <u>133,593</u>       |
| <u>36,646</u>        | <u>15,733,989</u>           | <u>15,003,239</u>    |
| 5,282,520            | 5,849,150                   | 10,687,632           |
| <u>25,359,269</u>    | <u>28,269,134</u>           | <u>17,581,502</u>    |
| <u>\$ 30,641,789</u> | <u>\$ 34,118,284</u>        | <u>\$ 28,269,134</u> |

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES,  
AND OTHER CHANGES

For The Year Ended June 30, 1999

|  | <u>Educational and General</u> |                    | <u>Totals</u><br><u>(Memorandum Only)</u> |                   |
|--|--------------------------------|--------------------|---|-------------------|
|  | <u>Unrestricted</u>            | <u>Restricted</u>  | <u>1999</u>                               | <u>1998</u>       |
| <u>Revenues:</u>                             |                                |                    |   |                   |
| Tuition, Fees, and Other Student Charges     | \$ 6,197,672                   | \$ -               | \$ 6,197,672                              | \$ 5,666,849      |
| State Appropriations                         | 6,675,952                      | 30,276             | 6,706,228                                 | 6,488,041         |
| Federal Grants and Contracts                 | -                              | 2,681,088          | 2,681,088                                 | 2,377,455         |
| State Grants and Contracts                   | 57,441                         | 176,153            | 233,594                                   | 619,451           |
| Private Gifts, Grants, and Contracts         | 16,050                         | 33,553             | 49,603                                    | 51,594            |
| Sales and Services                           | 194,328                        | -                  | 194,328                                   | 111,607           |
| Other Sources                                | 295,531                        | -                  | 295,531                                   | 290,855           |
| Total Revenues                               | <u>13,436,974</u>              | <u>2,921,070</u>   | <u>16,358,044</u>                         | <u>15,605,852</u> |
| <u>Expenditures:</u>                         |                                |                    |   |                   |
| Instruction                                  | 6,249,789                      | 97,640             | 6,347,429                                 | 6,360,439         |
| Public Services                              | 895,731                        | 254,771            | 1,150,502                                 | 1,016,655         |
| Academic Support                             | 681,349                        | 327,878            | 1,009,227                                 | 1,029,626         |
| Student Services                             | 1,243,235                      | 103,387            | 1,346,622                                 | 1,465,024         |
| Institutional Support                        | 2,414,495                      | 4,109              | 2,418,604                                 | 1,963,026         |
| Operation and Maintenance of Plant           | 1,088,127                      | 33,585             | 1,121,712                                 | 968,487           |
| Scholarships and Fellowships                 | 203,548                        | 2,099,700          | 2,303,248                                 | 2,066,391         |
| Total Expenditures                           | <u>12,776,274</u>              | <u>2,921,070</u>   | <u>15,697,344</u>                         | <u>14,869,648</u> |
| Excess of Revenues Over (Under) Expenditures | <u>660,700</u>                 | <u>-</u>           | <u>660,700</u>                            | <u>736,204</u>    |
| <u>Nonmandatory Transfers and Other</u>      |                                |                    |   |                   |
| <u>Additions/(Deductions):</u>               |                                |                    |   |                   |
| Excess of Restricted Receipts Over Transfers |                                |                    |   |                   |
| To Revenues                                  | -                              | (94,070)           | (94,070)                                  | (37,022)          |
| Indirect Costs Recovery                      | <u>3,134</u>                   | <u>(3,134)</u>     | <u>-</u>                                  | <u>-</u>          |
| Total Nonmandatory Transfers and Others      | <u>3,134</u>                   | <u>(97,204)</u>    | <u>(94,070)</u>                           | <u>(37,022)</u>   |
| Net Increase/(Decrease) in Fund Balance      | <u>\$ 663,834</u>              | <u>\$ (97,204)</u> | <u>\$ 566,630</u>                         | <u>\$ 699,182</u> |

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note A – Summary of Significant Accounting Policies

Description of the Entity

Lima Technical College, Allen County, Ohio, is a political subdivision as defined under Chapter 3357, Ohio Revised Code. The College is a body of politic and corporate established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College operates under the control of a board of trustees. The College provides instructional services in various fields, non-credit instruction, and student services.

Basis of Accounting

The financial statements of the Lima Technical College are prepared on the accrual basis of accounting except for not providing for depreciation as further explained in the Equipment section of Note A, in accordance with the principles of fund accounting for educational institutions.

Basis of Presentation - Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of "Fund Accounting". Under this system, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its established purposes.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note A - Summary of Significant Accounting Policies (continued)

All gains and losses arising from the sale, collection or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables and the like, is accounted for in the fund owning such assets, except for income derived from investments where only the principal is restricted, in which case the income is accounted for as revenue in the unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

The College used the following fund groups for accounting and reporting purposes:

Current Funds - are available for educational and general operating purposes, and are further subdivided into two separately balanced groups:

General Funds - are unrestricted and available for general operating purposes at the discretion of the governing board.

Restricted Funds - are available for current operating purposes but only in compliance with restrictions specified by the donors or grantors.

Plant Funds - this group includes funds which have been received or appropriated for the purpose of acquiring, or improving, the physical property of the College.

Loan Funds - this group consists of loans to students and of resources available for such purposes. The terms of loan agreements usually specify that the funds operate on a revolving basis, i.e., repayments of principal and interest are loaned to other individuals. Some loan funds may be created on a temporary basis and require that repayments and interest be returned to the grantors. The grants may also designate that the obligation to repay all or part of the loan will be forgiven under certain circumstances. Some loan agreements may also designate the curriculum and geographical domicile of the student borrowers and the financial status of the borrowers.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note A - Summary of Significant Accounting Policies (continued)

Investments

Investments, when purchased, are stated at cost, or if received through a gift, at market value at the date of the gift is a market value is available; otherwise they are stated at an appraisal or nominal value.

Equipment

Equipment is recorded at cost, or if acquired by gift, at an appraisal value at the date of the gift. The College follows the general educational institution practice of not providing for depreciation which contradicts FASB Statement No. 93, Recognition of Depreciation by Not-for-Profit Organizations. However, in accordance with the Governmental Accounting Standards Board Statement No. 8, Applicability of FASB Statement No. 93, public colleges and universities are exempt from the requirements of FASB Statement No. 93, and thus no depreciation is recognized in these financial statements.

Estimates

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

Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note B – Deposits and Investments

The deposit and investment of College monies is governed by the Ohio Revised Code. In accordance with Section 135.03 of the ORC, only banks located in Ohio and Ohio domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's monies is restricted to certificates of deposits, savings accounts, money market accounts, STAR Ohio, obligations of the United States government or certain agencies thereof, and certain industrial revenue bonds issued by other governmental entities.

The College may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. The College's Controller's Office is responsible for selecting depositories and investing funds. Protection for the College's deposits is provided by the Federal Deposit Insurance Corporation, qualified securities pledged in the name of the College and held at the Federal Reserve, or by a collateral pool created by the financial institution to cover all local governmental deposits. The face value of the pooled collateral must equal at least 110% of the public funds on deposit.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No.3, Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements:

Deposits - At June 30, 1999, the carrying amounts of the College's deposits were \$955,559 and the bank balance was \$1,230,435. Of the bank balance, \$300,000 was covered by federal depository insurance and \$930,435 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the College's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the College to a successful claim by the Federal Deposit Insurance Corporation.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

Note B - Deposits and Investments (continued)

Investments - The College's investments are categorized below to give an indication of the level of risk assumed by the College at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the College or its agent in the College's name. Category 2 includes uninsured and unregistered investments which are held by the counterpart's trust department or agent in the College's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the College's name. The College's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

The only investment held by Lima Technical College at June 30, 1999 was STAR Ohio which is an unclassified investment. The carrying amount equaled market value which was \$2,417,541 at June 30, 1999.

The classification of cash and cash equivalents and investments on the general purpose financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the financial statements and the classification per GASB Statement No. 3 is as follows:

|                            | Cash and Cash<br>Equivalents/<br><u>Deposits</u> | <u>Investments</u>  |
|----------------------------|--|---------------------|
| GASB Statement 9           | \$ 3,373,100                                     | \$ -                |
| Cash on Hand               | (8,487)  | -                   |
| Investments -<br>STAR Ohio | <u>(2,417,541)</u>                               | <u>2,417,541</u>    |
| GASB Statement 3           | <u>\$ 947,072</u>                                | <u>\$ 2,417,541</u> |

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note C – Allocated Fund Balance

The Governing Board has allocated a portion of the current unrestricted fund balance for the following purposes:

|                                   |                   |
|-----------------------------------|-------------------|
| Reserve for Parking Facilities    | \$ 15,000         |
| Reserve for Plant Expansion       | 200,000           |
| Reserve for Arboretum             | 5,100             |
| Reserve for Equipment Replacement | 440,000           |
| Reserve for Program Development   | 100,000           |
| Reserve for Financial Assistance  | <u>25,415</u>     |
|                                   | \$ <u>785,515</u> |

Note D - Appropriation Receivable

Appropriation Receivable represents the amount due from the State of Ohio, Ohio Board of Regents for instructional equipment and the YMCA Child Care Center.

Note E – Compensated Absences

Sick Pay – Sick leave represents an insurance type benefit for absence due to personal illness or injury; for illness, injury, or death of a member of the immediate family of the covered employee on a regular contract; or to cover quarantine required by exposure to a contagious disease.

Sick leave credits will accumulate at the rate of 1.25 days (ten hours) per month of contractual service, including periods of vacation and paid military or sick leave, for all regular continuing employees. Regular employees on less than full time appointments shall be entitled to sick leave credit for time actually worked at the same rate as that granted regular continuing employees. The accumulation of sick leave credits at this rate shall be unlimited. Total hours accrued at June 30, 1999 was 12,870.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

Note E – Compensated Absences (continued)

College employees, upon retirement with ten or more years of service with the State, shall be compensated in an amount not to exceed one-fourth of the value of accrued but unused sick leave credit, based on the individual's rate of compensation at the time of retirement. The maximum amount of hours at which sick leave will be paid out is set at 240 hours.

On June 30, 1999, the College's liability for accrued sick leave was \$263,265.

Vacation Pay – Compensation for vacation by the College is available only to those employees who are on eleven-month appointments, or are considered administrative and professional staff. Those employees employed by the College on an academic year basis are not eligible to earn or accrue vacation leave.

All employees eligible to receive pay may accrue up to, but not exceed 30 working days (240 hours) over the course of a year. Anything accrued in excess of the 30 days is eliminated from the employee's leave balance at year end.

It is the policy of the College that if after one year of continuous service the employee is terminated or resigns, any unused vacation balance will be compensated to that employee.

At June 30, 1999, the faculty and staff of the College had accumulated vacation leave of 10,976 hours. Based on this, the College recorded a liability of \$215,736 for accumulated vacation leave at June 30, 1999.

The basis on which the College has made these estimates is in accordance with the standards and guidelines established by GASB Statement No.16, Accounting for Compensated Absences.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

Note F - Fixed Assets

A summary of the changes in fixed assets during fiscal year 1999 follows:

| <u>Asset Category</u>                 | <u>Balance</u><br><u>6-30-98</u> | <u>Additions</u>    | <u>Deletions</u>   | <u>Balance</u><br><u>6-30-99</u> |
|---------------------------------------|----------------------------------|---------------------|--------------------|----------------------------------|
| Buildings                             | \$ 19,402,846                    | \$ 4,721,678        | \$ -               | \$ 24,124,524                    |
| Furniture, Fixtures,<br>and Equipment | 5,306,503                        | 553,250             | (36,646)           | 5,823,107                        |
| Library Books                         | 550,693                          | 38,133              | -                  | 588,826                          |
| Baseball Field                        | 99,226                           | 6,105               | -                  | 105,331                          |
| Total                                 | <u>\$ 25,359,268</u>             | <u>\$ 5,319,166</u> | <u>\$ (36,646)</u> | <u>\$ 30,641,789</u>             |

Note G - Construction In Progress

The College signed contracts for the construction of the Life Science Building. The estimated total project cost is \$15,225,000 which includes the building, landscaping, furniture, fixtures, and equipment. At June 30, 1999, the total cost of the construction per the contracts and change orders was \$13,589,943. At June 30, 1999, \$13,130,732 had been incurred and completed on the project. The State of Ohio is funding this project through Lima Technical College and The Ohio State University capital budget appropriation plans. This is a joint venture with The Ohio State University.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

Note H - Defined Benefit Pension Plans

Public Employees Retirement System

The Lima Technical College contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. The PERS issues a publicly available financial report that includes financial statements and required supplementary information for the fund. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary and the College is required to contribute 13.31 percent. The College's contributions to PERS for the fiscal years ending June 30, 1999, 1998, and 1997 were \$293,057, \$264,702, and \$247,392, respectively, equal to the required contributions for the year.

State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the College is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The College's contributions to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$724,009, \$685,927, and \$662,620, respectively.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note I - Post Employment Benefits

The College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the Public Employees Retirement System (PERS).

The State Teachers Retirement System comprehensive health care benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code, the State Teachers Retirement 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 health care cost in the form of monthly premiums.

The Revised Code 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 percent of covered payroll.

The State Teachers Retirement Board currently allocates employer contributions equal to 3.5 percent of covered payroll to a health care reserve fund from which payments for health care benefits are paid. Prior to June 30, 1997, the Board allocated percentage was two percent of covered payroll. The balance in the health care reserve fund was \$1.860 million at June 30, 1997. For the year ended June 30, 1997, (the latest information available), the net health care costs paid by STRS were \$192,077,000. There were 88,718 eligible benefit recipients.

The Public Employees Retirement System of Ohio provides post-retirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credits. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to the System is set aside for the funding or post-retirement health care based on the authority granted by State statute. The employer contribution rate was 13.31 percent of which 4.29 percent was used to fund health care in 1997.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note I - Post Employment Benefits (continued)

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 7.75 percent, active employee payroll increases of 5.25 percent for inflation and between zero and 5.10 percent increased based on additional annual pay increases. Health care premiums were assumed to increase 5.25 percent annually.

Short-term securities consisting of commercial paper and U.S. Treasury obligations are carried at cost. Fixed income investments are carried at amortized cost, using the effective interest rate method of amortization. All investments are subject to adjustment for market decline judged to be other than temporary. For actuarial purposes, assets are adjusted twenty percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 365,384 as of December 31, 1997. The College's actual contributions for fiscal year 1998, which were used to fund post-employment benefits, were \$85,317. The actual contribution and the actuarially required contribution rate are the same. The Retirement System's net assets available for payment of benefits at December 31, 1997 was \$8,123,392,016. The actuarially accrued liability and the unfunded actuarial accrued liability were \$8,597,000,000 and \$2,097,800,000, respectively.

Note J - Cost Share Agreement

Lima Technical College is located on the grounds of the Ohio State University, Lima Branch Campus, with all land and buildings being owned by the State of Ohio. According to the cost sharing agreement entered into as of July 1, 1971 (and revised May 27, 1992) between The Ohio State University and the Allen County Technical Institute (later renamed Lima Technical College), the College reimburses the University for costs incurred in the following areas: academic instruction, library, student services, student activities, institutional support, plant operation and community educational services. The College makes quarterly payments to the University based on estimated costs using formulas as prescribed in the cost sharing agreement. Adjustments at year end for variances between estimated and actual costs are made at the time of the first quarterly payment of the following fiscal year. The College's portion of cost sharing totaled \$1,024,675 for the year ended June 30, 1999. At year end, the College had an accounts payable to The Ohio State University for \$284,675.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 1999

Note J - Cost Share Agreement (continued)

Although this is a related party transaction due to the fact that certain management personnel are shared by both institutions, Lima Technical College and Ohio State University both have separate and distinct Boards of Trustees.

Note K - Leases

The College leases duplicating equipment on a monthly basis. Minimum operating lease payments for existing leases over the next five years are as follows:

|            |                   |
|------------|-------------------|
| 6/30/2000  | \$ 56,860         |
| 6/30/2001  | 47,336            |
| 6/30/2002  | 40,866            |
| 6/30/2003  | 40,866            |
| 6/30/2004  | 37,876            |
| Thereafter | <u>21,726</u>     |
| TOTAL      | \$ <u>245,530</u> |

Operating lease expenditures for the year ending June 30, 1999 were \$59,611.

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1999

Note L - Risk Management

The College is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the College contracted with a Commercial Insurer for property and fleet insurance, liability insurance, and various other coverages. Coverages provided by this insurer is as follows:

Building and Contents - replacement cost (\$1,000 deductible) \$29,434,500  
Earthquake (\$750,000 deductible per occurrence) \$10,000,000  
Inland Marine Coverage (\$500 deductible per occurrence) \$4,010,000  
Electronic Data Processing (\$500/\$1,000 deductible) \$2,600,000  
Blanket Loss of Income & Extra Expense (70% Contribution) \$9,014,207  
Automobile Liability \$1,000,000  
Public Employee Dishonesty \$1,000,000  
Depositor's Forgery \$1,000,000  
Computer Fraud and Funds Transfer Fraud \$1,000,000  
General Liability -  
    Per occurrence \$1,000,000  
    Aggregate \$3,000,000  
    Employers Liability \$500,000  
Umbrella -  
    Per occurrence \$10,000,000  
    Aggregate \$10,000,000  
Professional -  
    Educator's Legal Liability - \$5,000,000 (per claim & aggregate)  
    Medical Professional Liability - \$5,000,000 (per claim & aggregate)  
    Employee Benefits E&O - \$5,000,000 (per claim & aggregate)

LIMA TECHNICAL COLLEGE  
ALLEN COUNTY, OHIO

SCHEDULE OF FEDERAL AWARDS EXPENDITURES - CASH BASIS  
For the Year Ended June 30, 1999

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Titles | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number |
|---|----------------------------------|---------------------------|
| <u>U.S. Department of Education</u>                         |                                  |                           |
| Student Financial Aid Cluster:                              |                                  |                           |
| Pell Grant Program  |                                  | 84.063                    |
| College Work Study  |                                  | 84.033                    |
| SEOG  |                                  | 84.007                    |
| Total Student Financial Aid Cluster                         |                                  |                           |
| Passed Through Ohio Department of Education:                |                                  |                           |
| Vocational Education Basic Grants                           | VECPII-P98-513                   | 84.048                    |
|   | VECPII-P99-513                   | 84.048                    |
|   | VESE-SP-TECH99-64519             | 84.048                    |
| Total Vocational Education Basic Grants                     |                                  |                           |
| Technical Preparation Grant                                 | VETP-99-14K                      | 84.243                    |
|   | VETP-99-14R                      | 84.243                    |
|   | VETP-99-14Y                      | 84.243                    |
| Total Technical Preparation Grant                           |                                  |                           |
| Total U.S. Department of Education                          |                                  |                           |
| <u>Small Business Administration</u>                        |                                  |                           |
| (Passed-Through Ohio<br>Department of Development)          |                                  |                           |
| Small Business Development Center                           |                                  | 59.037                    |
| Total Small Business Administration                         |                                  | 59.037                    |
| Total Federal Financial Assistance                          |                                  |                           |

**Note A - Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note B - GSL and PLUS Programs**

Students at Lima Technical College also participate in the U.S. Department of Education's Guaranteed Student Loan (GSL) and Parents' Loans for Undergraduate Students (PLUS) programs. These loans are made by lending institutions directly to qualified students and are, therefore, not reflected in the revenues and expenditures of the College. The total amount of loans under these programs for the year ended June 30, 1999 was \$3,693,126.

| <u>Receipts</u>     | <u>Disbursements</u> |
|---------------------|----------------------|
| \$ 1,973,499        | \$ 2,012,697         |
| 169,394             | 169,394              |
| 73,500              | 82,099               |
| <u>2,216,393</u>    | <u>2,264,190</u>     |
| 7,500               | -                    |
| 42,500              | 50,000               |
| 22,720              | 43,970               |
| <u>72,720</u>       | <u>93,970</u>        |
| -                   | 79,075               |
| 57,800              | 68,000               |
| 10,880              | 12,800               |
| <u>68,680</u>       | <u>159,875</u>       |
| <u>2,357,793</u>    | <u>2,518,035</u>     |
| 24,333              | 26,689               |
| 71,126              | 70,854               |
| <u>95,459</u>       | <u>97,543</u>        |
| <u>\$ 2,453,252</u> | <u>\$ 2,615,578</u>  |



# E. S. EVANS AND COMPANY

*Certified Public Accountants*

ESTABLISHED 1926

ROBERT E. WENDEL, CPA  
DAN F. CLIFFORD, CPA

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P.O. BOX 298 • LIMA, OHIO 45802-0298

FAX (419) 222-8507

E. S. EVANS, CPA, PFS  
(1930-1999)

December 20, 1999

**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  
Lima Technical College  
Allen County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the general purpose financial statements of Lima Technical College as of and for the year ended June 30, 1999, and have issued our report thereon dated December 20, 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 Lima Technical 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.

Board of Trustees  
Lima Technical College  
Auditor of State of Ohio  
December 20, 1999  
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lima Technical 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

This report is intended for the information of the management, Board of Trustees, Auditor of State of Ohio and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*E. L. Korman and Company*



# E. S. EVANS AND COMPANY

*Certified Public Accountants*

ESTABLISHED 1926

ROBERT E. WENDEL, CPA

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December 20, 1999

**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  
Lima Technical College  
Allen County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

## Compliance

We have audited the compliance of Lima Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Lima Technical 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 Lima Technical College's management. Our responsibility is to express an opinion on Lima Technical 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 Lima Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lima Technical College's compliance with those requirements.

Board of Trustees  
Lima Technical College  
Auditor of State of Ohio  
December 20, 1999  
Page 2

In our opinion, Lima Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

#### Internal Control Over Compliance

The management of Lima Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lima Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the management, Board of Trustees, Auditor of State of Ohio and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*E. S. Environmental Company*

LIMA TECHNICAL COLLEGE,  
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS OMB CIRCULAR A-133 § .505

June 30, 1999

A. Summary of Auditor's Results

|              |  |  |
|--------------|--|--|
| (d)(1)(i)    | Type of Financial Statement Opinion  | Unqualified  |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?         | No   |
| (d)(1)(ii)   | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No   |
| (d)(1)(iii)  | Was there any reported material non-compliance at the financial statement level (GAGAS)?                       | No   |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major federal programs?              | No   |
| (d)(1)(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs?      | No   |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion   | Unqualified  |
| (d)(1)(vi)   | Are there any reportable findings under .510?  | No   |
| (d)(1)(vii)  | Major Programs (list):<br><br>Student Financial Aid Cluster  | Pell Grant Program 84.063<br>College Work Study 84.033<br>Family Educ Loan 84.032<br>SEOG 84.007 |
| (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  |

LIMA TECHNICAL COLLEGE ,  
ALLEN COUNTY, OHIO

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SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS OMB CIRCULAR A-133 § .505

June 30, 1999

B. Findings Related To The Financial Statements Required  
To Be Reported In Accordance With GAGAS

None

C. Findings and Questioned Costs for Federal Awards

None

LIMA TECHNICAL COLLEGE,  
ALLEN COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS AND  
QUESTIONED COSTS OMB CIRCULAR A-133 § .315(b)

June 30, 1999

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|-----------------|------------------|---|
|----------------|-----------------|------------------|---|

#1-1997 – Fully Corrected

During fiscal year 1997, the College had made PELL disbursements that had not been reimbursed by the Department of Education. This reimbursement in the amount of \$14,000 was received on March 18, 1999.

SUPPLEMENTARY INFORMATION  
YEAR 2000

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

Lima Technical College has completed an inventory of computer systems. These systems include student registration, student billing, computer labs, voice mail, phone, financial reporting, payroll, and banking operations.

The College uses SCT Banner software for student registration and billing, financial reporting and payroll. The vendor does not expect to experience problems related to this issue. The Information Systems department does not expect to have problems with the computer labs, voice mail and phone systems. The banks do not anticipate problems with their software applications.

All Lima Technical systems have been upgraded and internally tested and appear to be Year 2000 compliant.

There are no outside contracted amounts for this project as of December 20, 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 Lima Technical College is or will be Year 2000 ready, that the Lima Technical College's remediation efforts will be successful in whole or in part, or that parties with whom the Lima Technical College does business will be year 2000 ready.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIMA TECHNICAL COLLEGE

ALLEN 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