
RIO GRANDE COMMUNITY COLLEGE

JULY 1, 1998 THROUGH JUNE 30, 1999

**FISCAL YEAR AUDITED UNDER GAGAS:
1999**

RIO GRANDE COMMUNITY COLLEGE
JULY 1, 1998 THROUGH JUNE 30, 1999
FISCAL YEAR AUDITED UNDER GAGAS:
1999

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RIO GRANDE COMMUNITY COLLEGE

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditors Report	
Audited Financial Statements	
Balance Sheet	1
Statement of Changes in Fund Balances	2-3
Statement of Current Funds Revenues, Expenditures and other Changes	4
Notes to the General Purpose Financial Statements	5-14
Supplemental Financial Information	
Schedule of Current Revenues	15
Schedule of Current Expenditures	16
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	17-18



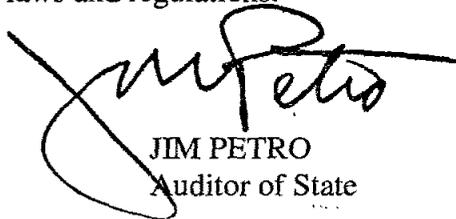
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

We have reviewed the Independent Auditor's Report of the Rio Grande Community College, Gallia County, prepared by Michael A. Balestra, CPA, Inc., for the audit period July 1, 1998 to 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 Rio Grande Community College is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 7, 2000

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INDEPENDENT AUDITORS REPORT

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

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

We conducted our audit in accordance with 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rio Grande Community College, as of June 30, 1999, and the changes in fund balances and its current funds revenues, expenditures and other changes for the year ended in conformity with generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 1999 on our consideration of the Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Community College, taken as a whole. The Supplemental Financial Information listed in the table of contents are presented for additional analysis and are not a required part of the financial statements of the Community College. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.

October 30, 1999

RIO GRANDE COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 1999

	Current Unrestricted	Unexpended	Plant Funds Investment In Plan	Total
<u>ASSETS</u>				
Cash and Certificates of Deposit	\$1,021,358	\$142,993		\$142,993
Accounts Receivable	714,015			
Prepaid Expenses	111			
	1,735,484	142,993		142,993
Movable Equipment, furniture and library books			\$1,918,729	\$1,918,729
Land Improvements			164,806	164,806
Buildings			22,734,091	22,734,091
Total Assets	1,735,484	142,993	24,817,626	24,960,619
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$39,758			
Deferred Revenue	35,354			
Total Liabilities	75,112			
Fund balances				
Unrestricted	1,660,372			
Unexpended		142,993		142,993
Investment in Plant			24,817,626	24,817,626
Total fund balances	1,660,372	142,993	24,817,626	24,960,619
Total liabilities and fund balances	\$1,735,484	\$142,993	\$24,817,626	\$24,960,619

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 1999

	CURRENT FUNDS		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES AND ADDITIONS			
Unrestricted Current Fund Revenues	\$7,681,241	\$0	\$7,681,241
Restricted Current Fund Revenues			
Other Through Regents	0	350,511	350,511
Capital Appropriations	0	0	0
	7,681,241	350,511	8,031,752
EXPENDITURES & OTHE DEDUCTIONS			
Educational and general expenditures	7,557,050	320,511	7,877,561
Capital Improvements	0	0	0
	7,557,050	320,511	7,877,561
TRANSFERS AMONG FUNDS			
Nonmandatory Transfers	(2,399)	(30,000)	(32,399)
	(2,399)	(30,000)	(32,399)
Net increase for the year	121,792	0	121,792
Fund Balance - July 1, 1998	1,538,580	0	1,538,580
Fund Balance - June 30, 1999	\$1,660,372	\$0	\$1,660,372

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1999

	PLANT FUNDS		
	UNEXPENDED PLANT FUNDS	INVESTMENT IN PLANT	TOTAL
REVENUES AND ADDITIONS			
Unrestricted Current Fund Revenues	\$0	\$0	\$0
Restricted Current Fund Revenues			
Other Through Regents	0	0	0
Capital Appropriations	16,820	48,051	64,871
	16,820	48,051	64,871
EXPENDITURES & OTHER DEDUCTIONS			
Educational and general expenditures	0	0	0
Capital Improvements	0	98,210	98,210
Total expenditures & other deductions	0	98,210	98,210
TRANSFERS AMONG FUNDS			
Nonmandatory Transfers	15,416	16,983	32,399
Total Transfers	15,416	16,983	32,399
Net Increase for the year	32,236	(33,176)	(940)
Fund Balance - July 1, 1998	110,757	24,850,802	24,961,559
Fund Balance - June 30, 1999	\$142,993	\$24,817,626	\$24,960,619

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
 STATEMENT OF CURRENT FUNDS REVENUES,
 EXPENDITURES AND OTHER CHANGES
 YEAR ENDED JUNE 30, 1999

	CURRENT FUNDS		
	UNRESTRICTED	RESTRICTED	TOTAL
Revenue & Other Additions:			
Education & General			
Tuition	\$2,799,965	\$0	\$2,799,965
State Appropriations	3,668,762	0	3,668,762
Other through Regents	304,566	159,895	464,461
Local Tax Levies	851,591	0	851,591
Local Tax Levies	0	190,616	190,616
Other Sources	56,357	0	56,357
Total Education & General	7,681,241	350,511	8,031,752
Expenditures & Other Deductions			
Education & General			
Instruction Contract	7,309,201	0	7,309,201
Supplemental Contracts	11,135	320,511	331,646
Board of Administration	236,714	0	236,714
Total Expenditures & Other Deductions	7,557,050	320,511	\$7,877,561
Non-Mandatory Transfers	(2,399)	(30,000)	(32,399)
Net Increase/(Decrease) In Fund Equity	\$121,792	\$0	\$121,792

See accompanying notes to the general purpose financial statements

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 1 - DESCRIPTION OF THE ENTITY

The Rio Grande Community College is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Community College was formed after the creation of a community college district, as defined in Chapter 3354 of the Ohio Revised Code. The Community College operates under the direction of an appointed nine-member Board of Trustees. Three members of this board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by the Boards of County Commissioners within the community college district, with one from each of the four counties in the district (Meigs, Gallia, Jackson and Vinton), and two by joint action of the counties. A President is appointed by the Board of Trustees to oversee day-to-day operations of the Community College. An appointed Secretary/Treasurer is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the Community College which are maintained in the funds described below. The Community College is an institution of higher learning dedicated to providing the residents of the community college district with low-cost higher education in various academic and technical areas, not exceeding two fiscal years in duration, for the purpose of gaining credit for further academic achievement.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with 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. Estimates also affect the reported amounts of revenue during the reporting period. Actual results could differ from those estimates.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual Accounting: The Community College prepares its financial statements on the accrual basis in accordance with generally accepted accounting principles for state-assisted colleges and universities. Consequently, certain revenues and related assets are recognized when the obligation is incurred rather than when received, and certain expenditures are recognized when the obligation is incurred rather than when paid. The accompanying statements of changes in fund balances and current funds revenues, expenditures and other changes represent statements of financial activities of funds related to the current reporting period. They do not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

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

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

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

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

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

Unexpended funds include resources set aside for acquisition of land, improvements, buildings, and equipment. Retirement of indebtedness funds include resources specifically accumulated for the payment of principle and interest on debt incurred in connection with the acquisition of properties primarily to the terms of bond indentures. Investment in plant funds represents the net of land, buildings and equipment and related liabilities.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

During fiscal year 1999, investments were limited to Certificate of Deposits and NOW Accounts.

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

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

Accounts Receivable: Receivables at June 30, 1999 consist primarily of student tuition and fees and taxes in the Unrestricted Fund. Receivables are reported at net using the direct write-off method.

Deferred Revenue: Deferred revenue in the current unrestricted fund is primarily comprised of receipts relating to tuition and student fees in advance of the service to be provided. The Community College will recognize unrestricted revenue to the extent these services are provided over the next fiscal year.

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

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 3 - EQUITY IN POOLED CASH

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

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

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

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

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

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

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

Deposits:

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

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 3 - EQUITY IN POOLED CASH (Continued)

At fiscal year-end, the carrying amount of the Community College's deposits as \$1,164,351.

1. \$702,991 was covered by federal deposit insurance and should be classified in risk Category 1; and
2. \$461,360 was covered by collateral held by the Community College, or by collateral held by a qualified third party trustee in the name of the Community College, and should be classified in risk Category 2.

NOTE 4 - STATE SUPPORT

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

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

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

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

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

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 5 - RISK MANAGEMENT

The Community College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contract with the University of Rio Grande, comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Medical/surgical benefits drugs are offered to employees through commercial insurance companies. The Community College has it's own prescription drug policy.

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

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

NOTE 6 - PENSION PLANS

Public Employees Retirement System: All employees participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer Public Employee Retirement System ("PERS") operated by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The 1998 employer contribution rate for local government employers was 13.31% of covered payroll. The Community College's contributions to PERS for the years ending June 30, 1997, 1998 and 1999, were \$12,383, \$13,795 and \$15,279 respectively which are equal to the required contributions for each year.

NOTE 7 - SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of June 30, 1999, no one has elected Social Security. The Board's liability is 6.2 percent of wages paid.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 8 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System: The Public Employees Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised code provides statutory authority requiring public employers to fund health care through their contributions to PERS. The 1998 employer contribution rate for state employers for the fiscal year ended June 30, 1999, was 13.31% of covered payroll; 4.29% was the portion that was used to fund health care for the year.

The Community College's 1999 employer contributions to PERS totaled \$15,279. Of this amount, \$4,837 was used to fund health care for the year for employees. This represents 4.29% of the covered current year payroll.

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

Expenditures for OPEB during 1998 were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future OPEB payments were \$9,447,325,318. The number of benefit recipients eligible for OPEB at December 31, 1997 was 115,579.

During 1998, the Retirement board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

NOTE 9 - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditors reappraise all real property every six years with a triennial update. The last reappraisal was completed for tax year 1992 in Meigs County, for the tax year 1997 in Vinton County, and for the tax year 1993 in Gallia and Jackson Counties.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

NOTE 9 - PROPERTY TAX (Continued)

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

The full tax rate applied to real property for the tax (calendar) year ended December 31, 1997, was \$1.00 per \$1,000 of assessed valuation for each of the four counties in the community college district. After adjustment of the rate for inflationary increases in property values, the effective tax rates were as follows:

	<u>Meigs</u> <u>County</u>	<u>Vinton</u> <u>County</u>	<u>Gallia</u> <u>County</u>	<u>Jackson</u> <u>County</u>
Per \$1,000 of assessed valuation for residential/agricultural real property	.381009	.381009	.381009	.381009
Per \$1,000 of assessed valuation for other real property	.586530	.586530	.586530	.586630

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

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property in each county for the tax (calendar) year ended December 31, 1998 was \$1.00 per \$1,000 of assessed valuation.

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

**RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99**

NOTE 9 - PROPERTY TAX (Continued)

	<u>Meigs County</u>	<u>Vinton County</u>	<u>Gallia County</u>	<u>Jackson County</u>
<u>Real Property - 1997 Valuation</u>				
Residential/ Agricultural	\$ 105,170,320	\$ 72,861,010	\$ 173,141,400	\$167,548,060
Commercial/Industrial	36,858,460	11,160,230	79,935,870	49,766,560
Public Utilities	151,360	64,000	89,410	73,590
Minerals	4,374,550		436,120	350,300
<u>Tangible Personal Property</u>				
General - 1997 Valuation	26,878,110	15,047,080	28,372,297	42,549,333
Public Utilities - 1997 Valuation	<u>49,156,060</u>	<u>25,511,230</u>	<u>271,768,620</u>	<u>42,834,540</u>
Total Valuation	\$ <u>222,588,860</u>	\$ <u>124,643,550</u>	\$ <u>553,743,717</u>	\$ <u>303,122,383</u>

NOTE 10 - STUDENT FINANCIAL AID

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

NOTE 11 - CONTRACT WITH THE UNIVERSITY OF RIO GRANDE

The Community College has a continuing contract renewed annually with the University of Rio Grande whereby the University agrees to perform certain services for the Community College in return of an account determined by the State of Ohio per full-time equivalent student enrolled at the Community College. The President of the Community College also serves as President of the University of Rio Grande. The University of Rio Grande provides to the Community College and its students:

- Instruction in arts and sciences, technical (occupational) studies, adult education, and development courses;
- Access to all nonresidential physical facilities of the College on the same basis that such facilities are available to students of the College;
- Activities available to students of the University, such as athletics, clubs, dramatics, and other approved activities;
- Student personnel services; and
- Appropriate office space for the community college's administrative offices.

RIO GRANDE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
6/30/99

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

Under the terms of the contract, the University of Rio Grande agrees to lease to the Community College the land necessary for the Community College to construct buildings. The lease is for \$1 a year for at least 30 years. The buildings are constructed, in whole or in part, with funds provided by the State of Ohio. Upon completion of construction, the University of Rio Grande leases these structures for \$1 a year and provides the operating and maintenance costs necessary to serve the student bodies of both the Community College and the University of Rio Grande.

NOTE 12 - YEAR 2000 COMPLIANCE

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

Rio Grande Community College has completed an inventory of computer systems and other equipment necessary to conducting Community College operations and has identified such systems as being student tuition, housing, student financial aid and the electrical distribution system. The financial reporting, payroll and employee benefits are all manual systems.

Student tuition, housing and student financial aid systems are handled through the University of Rio Grande. They have been assessed, remediated, and tested and validated. The University is responsible for remediating this system.

The financial institutions that the Community College does business with are all in the validation and testing stages of compliance. The financial institutions are responsible for remediating these systems. The State of Ohio distributes money to the Community College in the form of state subsidies. The State is responsible for remediating this system.

Another vendor is remediating the electrical distribution system which supplies power to the Community College. The vendor is committed to having all of their updates completed during 1999 to allow enough time for validation and testing. The power companies are responsible for remediating their systems.

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 Community College is or will be Year 2000 ready, that the Community College's remediation efforts will be successful in whole or in part, or that parties with whom the Community College does business will be Year 2000 ready.

SUPPLEMENTAL FINANCIAL INFORMATION

RIO GRANDE COMMUNITY COLLEGE

Schedule of Current Revenues

June 30, 1999

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Tuition and Other Charges			
Instructional	\$2,654,015		\$2,654,015
Non-Resident Surcharge	145,950		145,950
Total Tuition and Other	<u>2,799,965</u>	<u>0</u>	<u>2,799,965</u>
State Appropriations			
Instructional Subsidy	3,668,762		3,668,762
Access/Performance	275,416		275,416
Success Challenge	10,800		10,800
Jobs Challenge	335		335
HEI	18,015		18,015
Tech Challenge		30,000	30,000
Meigs Human Services		190,616	190,616
Voc Ed Teacher		10,000	10,000
Tech Prep		98,235	98,235
SOWDA		21,660	21,660
Total State Appropriations	<u>3,973,328</u>	<u>350,511</u>	<u>4,323,839</u>
Local Appropriations			
District Levy	851,591		851,591
Total Local Appropriations	<u>851,591</u>	<u>0</u>	<u>851,591</u>
Other Sources			
Temporary Investment Income	56,357		56,357
Total Other Sources	<u>56,357</u>	<u>0</u>	<u>56,357</u>
Total Current Revenues			
Unrestricted and Restricted	<u>\$7,681,241</u>	<u>\$350,511</u>	<u>\$8,031,752</u>

RIO GRANDE COMMUNITY COLLEGE

Schedule of Current Expenditures

June 30, 1999

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<i>Instruction and Support</i>			
Instruction Contract	\$7,309,201		\$7,309,201
Supplemental Contract	11,135	320,512	331,647
Total Instruction and Support	<u>7,320,336</u>	<u>320,512</u>	<u>7,640,848</u>
<i>Institutional Support</i>			
Board/Administrative	236,714		236,714
Total Institutional Support	<u>236,714</u>	<u>0</u>	<u>236,714</u>
Total Current Expenditures	<u>\$7,557,050</u>	<u>\$320,512</u>	<u>\$7,877,561</u>

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Ohio Society of Certified Public Accountants

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

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

We have audited the financial statements of Rio Grande Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated October 30, 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 Rio Grande Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rio Grande Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over the financial reporting that might be material weaknesses.

Members of the Board

Rio Grande Community College

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

Page 2

A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

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

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.

October 30, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY

CLERK'S CERTIFICATION

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

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

JAN 18 2000