

***Sinclair Community
College***

*Financial Statements and Single Audit
Reports for the Year Ended June 30, 2000*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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President and Board of Trustees
Sinclair Community College

We have reviewed the Independent Auditor's Report of the Sinclair Community College, Montgomery County, prepared by Deloitte & Touche LLP for the audit period July 1, 1999 through June 30, 2000. 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 Sinclair Community College is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

October 20, 2000

SINCLAIR COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

The President and Board of Trustees of
Sinclair Community College and Mr. Jim Petro,
Auditor of State:

We have audited the accompanying balance sheet of Sinclair Community College (the "College") as of June 30, 2000, and the related statements 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 management of the College. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Sinclair Community College at June 30, 2000, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Sinclair Community College taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages 14 and 15, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the additional information on pages 16 and 17, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule and additional information are the responsibility of the College's management. Such schedule and additional information have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2000, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

October 10, 2000

**Deloitte
Touche
Tohmatsu**

SINCLAIR COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 (WITH COMPARATIVE BALANCES AT JUNE 30, 1999)

ASSETS	2000	1999
CURRENT FUNDS:		
Unrestricted:		
Educational and general:		
Cash and cash equivalents (Note B)	\$ 4,761,724	\$ 4,301,659
Accounts receivable	3,952,697	3,598,298
Prepaid expenses	87,691	181,975
Due from restricted fund	1,166,815	1,678,607
Investments (Note B)	<u>39,992,226</u>	<u>37,724,125</u>
Total educational and general	<u>49,961,153</u>	<u>47,484,664</u>
Auxiliary enterprises:		
Cash and cash equivalents (Note B)	623,683	1,333,786
Accounts receivable	402,668	474,386
Inventories, at cost (first-in, first-out method)	1,033,333	812,493
Investments (Note B)	<u>3,960,000</u>	<u>4,110,000</u>
Total auxiliary enterprises	<u>6,019,684</u>	<u>6,730,665</u>
Restricted:		
Cash and cash equivalents (Note B)	1,628,733	1,322,580
Accounts receivable	92,048	136,568
Receivable from the state government	277,585	817,536
Receivable from the federal government	<u>1,044,181</u>	<u>1,154,924</u>
Total restricted	<u>3,042,547</u>	<u>3,431,608</u>
TOTAL CURRENT FUNDS	<u>\$ 59,023,384</u>	<u>\$ 57,646,937</u>
LOAN FUNDS:		
Cash and cash equivalents (Note B)	\$ 21,763	\$ 23,297
Notes receivable, net	<u>10,053</u>	<u>7,994</u>
TOTAL LOAN FUNDS	<u>\$ 31,816</u>	<u>\$ 31,291</u>
ENDOWMENT FUND - Investments (Notes B and H)	<u>\$ 10,307,230</u>	<u>\$ 9,969,270</u>

See notes to financial statements.

LIABILITIES AND FUND BALANCES	2000	1999
CURRENT FUNDS:		
Unrestricted:		
Educational and general:		
Accounts payable and accruals	\$ 1,986,567	\$ 1,650,634
Accrued salaries, wages and benefits (Note D & E)	8,406,207	8,063,596
Deferred fee income	3,036,072	3,056,115
Fund balances:		
Unallocated	10,517	63,352
Allocated	<u>36,521,790</u>	<u>34,650,967</u>
Total educational and general	<u>49,961,153</u>	<u>47,484,664</u>
Auxiliary enterprises:		
Accounts payable and accruals	504,773	613,037
Fund balances:		
Unallocated	44,365	70,936
Allocated	<u>5,470,546</u>	<u>6,046,692</u>
Total auxiliary enterprises	<u>6,019,684</u>	<u>6,730,665</u>
Restricted:		
Accounts payable and deposits	374,703	556,416
Due to unrestricted educational and general fund	1,166,815	1,678,607
Fund balance	<u>1,501,029</u>	<u>1,196,585</u>
Total restricted	<u>3,042,547</u>	<u>3,431,608</u>
TOTAL CURRENT FUNDS	<u><u>\$ 59,023,384</u></u>	<u><u>\$ 57,646,937</u></u>
LOAN FUNDS:		
Fund balances:		
Restricted	\$ 24,167	\$ 24,108
Unrestricted	<u>7,649</u>	<u>7,183</u>
TOTAL LOAN FUNDS	<u><u>\$ 31,816</u></u>	<u><u>\$ 31,291</u></u>
ENDOWMENT FUND - Fund balance - Board designated endowment - Unrestricted (Note H)	<u><u>\$ 10,307,230</u></u>	<u><u>\$ 9,969,270</u></u>

SINCLAIR COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 (WITH COMPARATIVE BALANCES AT JUNE 30, 1999)

ASSETS	2000	1999
PLANT FUNDS:		
Unexpended:		
Cash and cash equivalents (Note B)	\$ 4,579,205	\$ 5,677,761
Accounts receivable	132,931	378,468
Interest receivable	763,964	669,372
Investments (Note B)	<u>28,354,755</u>	<u>31,030,668</u>
Total unexpended	<u>33,830,855</u>	<u>37,756,269</u>
Renewals and replacements:		
Cash and cash equivalents (Note B)	4,013,127	4,922,496
Investments (Note B)	<u>24,990,000</u>	<u>22,990,000</u>
Total renewals and replacements	<u>29,003,127</u>	<u>27,912,496</u>
Investment in plant:		
Land	8,003,416	7,967,304
Buildings	167,191,843	161,564,638
Equipment	51,028,361	47,563,034
Library books	4,619,621	4,386,169
Construction in progress	<u>5,606,344</u>	<u> </u>
Total investment in plant	<u>236,449,585</u>	<u>221,481,145</u>
TOTAL PLANT FUNDS	<u><u>\$ 299,283,567</u></u>	<u><u>\$ 287,149,910</u></u>
AGENCY FUNDS:		
Cash and cash equivalents (Note B)	\$ 285,402	\$ 215,846
Accounts receivable	<u>20,358</u>	<u>33,837</u>
TOTAL AGENCY FUNDS	<u><u>\$ 305,760</u></u>	<u><u>\$ 249,683</u></u>

See notes to financial statements.

LIABILITIES AND FUND BALANCES	2000	1999
PLANT FUNDS:		
Unexpended:		
Accounts payable and accruals	\$ 3,779,815	\$ 1,520,272
Fund balance - Unrestricted, allocated for future construction and equipment acquisition	<u>30,051,040</u>	<u>36,235,997</u>
Total unexpended	<u>33,830,855</u>	<u>37,756,269</u>
Renewals and replacements:		
Accounts payable and accruals	578,725	1,087,186
Fund balances - Unrestricted:		
Allocated for major equipment replacements	4,902,668	5,218,196
Allocated for plant replacement	<u>23,521,734</u>	<u>21,607,114</u>
Total renewals and replacements	<u>29,003,127</u>	<u>27,912,496</u>
Investment in plant - Net investment in plant	236,449,585	221,481,145
TOTAL PLANT FUNDS	<u>\$ 299,283,567</u>	<u>\$ 287,149,910</u>
AGENCY FUNDS:		
Accounts payable	\$ 11,008	\$ 23,848
Deposits held in custody for others	<u>294,752</u>	<u>225,835</u>
TOTAL AGENCY FUNDS	<u>\$ 305,760</u>	<u>\$ 249,683</u>

SINCLAIR COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2000

	Current Funds			Plant Funds				
	Unrestricted, Unallocated	Auxiliary Enterprises	Restricted	Loan Funds	Board Designated Endowment Fund	Unexpended	Renewals & Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS:								
Unrestricted current funds revenues	\$81,724,976	\$7,765,468	\$	\$	\$	\$	\$	\$
State appropriations			14,216,791			899,368	832,702	
Federal grants and contracts - restricted			4,745,841					
State grants and contracts - restricted			87,270					
Local grants and contracts - restricted			1,429,406	600		6,345,362		
Private gifts, grants and contracts - restricted								
Investment income								
Expended for plant and equipment, including \$3,677,834 charged to current funds expenditures								
Total revenues and other additions	<u>81,724,976</u>	<u>7,765,468</u>	<u>20,479,308</u>	<u>600</u>		<u>7,244,730</u>	<u>832,702</u>	<u>16,232,063</u>
EXPENDITURES AND OTHER DEDUCTIONS:								
Educational and general	74,332,163		19,056,451					
Auxiliary enterprises		8,523,880						
Net decrease in the fair value of investments						1,599,465		
Expended for plant and equipment (including noncapitalized expenditures of \$4,536,291)						11,802,143	5,130,283	1,263,623
Disposal of furniture and equipment			330,989					
Indirect costs recovered				75				
Refunded by grantor								
Total expenditures and other deductions	<u>74,332,163</u>	<u>8,523,880</u>	<u>19,387,440</u>	<u>75</u>		<u>13,401,608</u>	<u>5,130,283</u>	<u>1,263,623</u>
NONMANDATORY TRANSFERS AMONG FUNDS -								
Additions (deductions):								
Allocated fund balance - net	(1,870,823)	576,146					(110,000)	
Endowment fund (Note H)	(337,960)				337,960			
Plant funds	(4,310,365)	267,185	(787,424)			(28,079)	4,858,683	
Equipment replacement reserves	(926,500)	(111,490)					1,147,990	
Total transfers	<u>(7,445,648)</u>	<u>731,841</u>	<u>(787,424)</u>		<u>337,960</u>	<u>(28,079)</u>	<u>5,896,673</u>	
NET INCREASE (DECREASE) FOR THE YEAR	<u>(52,835)</u>	<u>(26,571)</u>	<u>304,444</u>	<u>525</u>	<u>337,960</u>	<u>(6,184,957)</u>	<u>1,599,092</u>	<u>14,968,440</u>
FUND BALANCE:								
June 30, 1999	63,352	70,936	1,196,585	31,291	9,969,270	36,235,997	26,825,310	221,481,145
June 30, 2000	<u>\$ 10,517</u>	<u>\$ 44,365</u>	<u>\$ 1,501,029</u>	<u>\$ 31,816</u>	<u>\$ 10,307,230</u>	<u>\$30,051,040</u>	<u>\$28,424,402</u>	<u>\$236,449,585</u>

See notes to financial statements.

SINCLAIR COMMUNITY COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEAR ENDED JUNE 30, 2000 (WITH COMPARATIVE TOTALS FOR 1999)

	Unrestricted, Unallocated				Restricted		Total
	June 30		June 30		June 30		June 30
	Educational and General	Auxiliary Enterprises	2000	1999	2000	1999	2000
REVENUES:							
Tuition, fees and other student charges	\$ 19,491,261	\$ 301,293	\$ 19,792,554	\$ 18,896,494	\$	\$	\$ 18,896,494
State appropriations	37,770,556		37,770,556	33,630,046			33,630,046
County tax levy receipts	20,791,984		20,791,984	18,401,602			18,401,602
Federal grants and contracts	294,806		294,806	345,055	13,762,601	13,875,455	14,220,510
State grants and contracts	1,275		1,275	4,208	3,919,957	4,147,716	4,151,924
Local grants and contracts					90,346	102,447	102,447
Private gifts, grants and contracts	34,909		34,909	61,718	1,283,547	1,097,281	1,158,999
Endowment income	675,920		675,920	638,820			638,820
Sales and services	608,639	7,464,175	8,072,814	7,614,197			7,614,197
Investment income	1,575,000		1,575,000	1,575,000			1,575,000
Other sources	480,626		480,626	512,559			512,559
Total revenues	81,724,976	7,765,468	89,490,444	81,679,699	19,056,451	19,222,899	100,902,598
EXPENDITURES:							
Educational and general:							
Instruction	40,759,915		40,759,915	37,980,562	2,581,817	2,817,998	40,798,560
Public service	675,999		675,999	632,572	1,834,266	958,320	1,590,892
Academic support	8,287,636		8,287,636	7,317,975	167,682	664,556	7,982,531
Student services	7,618,175		7,618,175	6,938,696	1,406,556	1,179,432	8,118,128
Institutional support	8,062,776		8,062,776	7,532,917	11,991	11,682	7,544,599
Plant operations and maintenance	7,748,358		7,748,358	6,830,167	16,255	6,565	6,836,732
Student aid	1,179,304		1,179,304	1,075,452	13,037,884	13,584,346	14,659,798
Total educational and general expenditures	74,332,163		74,332,163	68,308,341	19,056,451	19,222,899	87,531,240
Auxiliary enterprises		8,523,880	8,523,880	6,687,754			6,687,754
TOTAL EXPENDITURES	74,332,163	8,523,880	82,856,043	74,996,095	19,056,451	19,222,899	94,218,994
NONMANDATORY TRANSFERS AND OTHER CHANGES - Additions (deductions):							
Allocated fund balance - net	(1,870,823)	576,146	(1,294,677)	402,726			402,726
Endowment fund (Note H)	(337,960)		(337,960)	(319,410)			(319,410)
Plant funds	(4,310,365)	267,185	(4,043,180)	(5,670,339)	(787,424)	(88,166)	(5,758,505)
Equipment replacement reserves	(926,500)	(111,490)	(1,037,990)	(1,028,181)			(1,028,181)
Restricted receipts in excess of expenditures and transfers					1,091,868	281,470	281,470
Total nonmandatory transfers and other changes	(7,445,648)	731,841	(6,713,807)	(6,615,204)	304,444	193,304	(6,421,900)
NET CHANGE IN FUND BALANCES	\$ (52,835)	\$ (26,571)	\$ (79,406)	\$ 68,400	\$ 304,444	\$ 193,304	\$ 261,704

SINCLAIR COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Sinclair Community College (the “College”), a two-year institution of higher education, began operations as a public community college in 1966. The College is operated by the Montgomery County Community College District, which was established by the voters of Montgomery County and is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. The College offers associate degrees and continuing education in the areas of allied health, business, engineering and industrial technologies, fine and performing arts, liberal arts and sciences, and extended learning and human services technology.

Accrual and Fund Accounting – The College utilizes principles of fund accounting and follows governmental accounting standards. Consequently, resources for various purposes are classified into funds in accordance with specific activities or objectives with separate accounts maintained for each fund. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are summarized and reported by such fund groups.

Funds provided by outside sources for specific purposes are reported as restricted funds and may only be used for the purposes intended. Unrestricted fund balances may be internally designated by the Board of Trustees for specific purposes and, when so designated, are reported as allocated funds. Restricted fund additions are accounted for in the appropriate restricted fund and are reported as revenues when utilized for operating purposes.

Current funds used for the replacement of moveable equipment, library books and furniture are recorded as expenditures. Such items are also capitalized in the Investment in Plant Fund. Nonmandatory transfers as approved by the Board of Trustees include funds to be expended for capital projects and certain other items.

Cash and cash equivalents include cash, certificates of deposit, and money market funds, stated at cost which approximates market.

Investment Income – The College’s policy is to record and recognize investment income in the educational and general fund to the extent budgeted by the Board of Trustees to be used for operating purposes; any remainder, including any unrealized gains or losses, is recorded in the unexpended plant fund.

Deferred fee income in the current unrestricted fund consists of student tuition and fees for 2000 Summer and Fall sessions.

Property, plant and equipment are recorded at cost or, if acquired by gift, at an appraisal value at the date of the gift. When assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the net investment in plant fund is reduced accordingly. As presently required under governmental accounting standards, the College follows the practice of not providing for depreciation of fixed assets.

Financial Statements – The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. This statement is presented in two sections to separately report unrestricted funds, over which the Board of Trustees has full control for use in achieving any of its institutional purposes, and restricted current funds, of which the use is limited to specified activities or objectives. Unrestricted revenues reported in this statement represent funds available for current operating needs, while restricted revenues represent only those restricted funds utilized to meet current year expenditures.

Compensated Absences – Administrative and professional employees earn vacation leave at a rate of 13.33 hours for each month of service up to a maximum of 240 hours. Support staff earn vacation at a rate of 8 hours per month for the first 5 years of service. After 5 years of continuous employment, 8 hours per month plus 8 hours of each year employed is accrued, up to a maximum of 160 hours of accrued vacation. Upon termination of employment, an employee is entitled to payment for all accrued vacation hours. The College has accrued a vacation liability for all employees equal to amounts earned.

All College employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Annual unused sick leave may be accumulated up to a maximum of 1,200 hours. This sick leave will either be absorbed by time off due to illness or injury, or within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave up to a maximum payout of 240 hours. The College has accrued a sick leave liability for all employees equal to the maximum payout upon retirement.

Retirement Incentive Program – The College’s Board of Trustees approved a retirement incentive program effective June 11, 1996 through June 30, 1999, and subsequently extended the program through June 30, 2000. The program benefits full-time, tenure track faculty members who meet certain eligibility requirements. Qualifying participants retire and receive an incentive payout equal to \$1,200 times each full year of paid Sinclair service, not to exceed \$30,000. For the year end June 30, 2000 expenditures related to the program were \$58,800.

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

Reclassification – Certain reclassifications have been made to conform balances with the 2000 presentation.

Accounting Pronouncements – In November 1999, the Government Accounting Standards Board (GASB) issued Statement No. 35, “Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities”. This Statement requires public colleges and universities to adopt GASB Statement No. 34, “Basic Financial Statements and Management’s Discussions and Analysis for State and Local Governments”. Statement No. 35 will significantly change certain accounting and financial reporting standards for public colleges and universities. The new standard is designed to provide financial information that responds to the needs of primary users of general purpose external financial reports. Statement No. 35 is effective for fiscal years beginning after June 15, 2001. The College is currently in the process of determining the effect of this pronouncement.

B. CASH AND INVESTMENTS

In accordance with the State of Ohio's and the College's policy, the College is authorized to invest cash in certificates of deposit, repurchase agreements, United States treasury securities, federal government agency securities backed by the full faith of the government, municipal securities and the State Treasurer's investment pool. The classification of cash and cash equivalents, and investments in the financial statements is based on criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, College funds on deposit in the State Treasurer's investment pool are classified as cash equivalents in the balance sheet. However, for GASB Statement No. 3 discussion purposes (see below), the funds in the State Treasurer's investment pool are classified as investments.

Deposits – At June 30, 2000, the carrying amount of the College's deposits in all funds was \$9,497,402 (included in cash and cash equivalents in the balance sheet) and the bank balance was \$13,116,397. The difference between carrying amount and bank balance was primarily due to outstanding checks at June 30, 2000. Of the bank balance, \$607,831 was covered by federal depository insurance or by collateral held by the College's agent in the College's name. The remaining balance of \$12,508,566 was uninsured. The uninsured deposits are held in accounts collateralized by a pooled collateral account at the Federal Reserve Banks of Cleveland and Cincinnati. These arrangements are in compliance with the Ohio Revised Code.

Investments – Investments are stated at their fair value of \$114,020,446 (amortized cost basis of \$117,032,012). The College's investments include \$107,604,211 invested in Government National Mortgage Association pools and classified as Category 1 risk. The term "risk" in this context does not refer to market risk of gain or loss in value; rather, it refers to the safety of the individual securities while held in safekeeping. In general, 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. The remaining \$6,416,235 was on deposit in the State Treasurer's investment pool and is valued at the pool's share price which is the price for which the investment could be sold on June 30, 2000. GASB Statement No. 3 does not require this investment to be categorized into risk categories. The College has the ability and intent to hold all investment securities until maturity; therefore, it is not anticipated that market gains or losses will be realized.

The College's cash and investments include amounts related to funds designated by the Board of Trustees or restricted by outside parties for the following purposes: (1) \$58,475,442 designated for capital improvement projects, major facilities renovation projects and major equipment replacement; (2) \$36,521,790 designated as operating fund reserves for tuition stabilization, unplanned income decline, uninsured losses, and other contingencies and initiatives; (3) \$4,583,683 designated for the College's auxiliary enterprises; (4) \$1,808,194 restricted as student loan funds, funds received from external sources under grants and contracts and funds held in custody for others; and (5) \$10,307,230 designated as endowment funds. The remainder of the College's cash and investments represents resources for operating purposes (i.e., payment of payables and accruals).

C. STATE AND COUNTY SUPPORT

The College is an institution of higher education that receives a state-assisted student-based subsidy from the State of Ohio using a formula devised by the Ohio Board of Regents and general support from a Montgomery County, Ohio property tax levy (2-1/2 mills commencing January 1, 1999 and ending December 31, 2008).

In addition to student subsidies, the State of Ohio provides a portion of the funding for the construction of major plant facilities on the College campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent transfer of the facility to the Ohio Board of Regents. Neither the obligation for the revenue bonds issued by the OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Board of Regents by the Ohio General Assembly. The facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

D. RETIREMENT PLANS

The College contributes to the State Teachers Retirement System of Ohio (STRS) and the Public Employees Retirement System of Ohio (PERS) which are state wide cost-sharing multiple-employer plans. PERS and STRS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Faculty and some administrators are covered by STRS and all other employees are covered by PERS. The College's law enforcement officers are members of the PERS law enforcement division, which provides potentially greater retirement benefits and earlier benefit eligibility than are available for other PERS members.

Authority to establish and amend benefits is provided by Ohio Revised Code, Chapters 145 and 3307, for PERS and STRS, respectively. The financial statements and required supplementary statements for PERS and STRS are made available for public inspection. The reports may be obtained by writing or calling:

<p>PERS 277 East Town Street Columbus, OH 43215-4642 (614) 466-2085</p>	<p>STRS 275 East Broad Street Columbus, OH 43215-3771 (614) 227-4002</p>
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PERS plan members are required to contribute 8.5% (9.0% for law enforcement officers) of their annual salary, and STRS members contribute 9.3%. The College is required to contribute 13.55% (16.70% for law enforcement officers) and 14.00% of annual covered payroll for PERS and STRS, respectively. The contribution requirements of plan members and the College are established and may be amended by state statute. The College's contributions to PERS and STRS required and made for the years ended June 30, 2000, 1999, and 1998 were as follows:

Year	Contribution	
	PERS	STRS
2000	\$2,949,659	\$3,699,108
1999	2,642,607	3,491,643
1998	2,462,224	3,404,272

The College has established the Sinclair Community College Alternative Retirement Plan (the ARP) as required by Chapter 3305 of the Ohio Revised Code. The ARP had an effective date of March 31, 1999.

ARP's for public colleges and universities were created in Ohio law to provide employees with an alternative to PERS and STRS. Key features are:

- ARP's consist of insurance carrier annuity contracts that provide retirement and death benefits but no health or disability benefits. The Ohio Department of Insurance has approved nine companies to serve as ARP providers.
- In contrast to PERS and STRS, ARP's have easy state-to-state portability.
- Eligibility is limited to tenure track faculty and certain administrative employees. Eligibility is further limited to new hires and to those with less than five years of service credit in their respective retirement systems on certain statutory dates.
- Employees electing the ARP instead of STRS are required to contribute 9.3% of salary. The College is required to contribute 5.76% to STRS, and the College's discretionary contribution to the ARP has been set at 8.24%.
- Employees electing the ARP instead of PERS are required to contribute 8.5% of salary. The College's discretionary contribution to the ARP has been set at 13.55%.

The College's contributions to the ARP made for the years ended June 30, 2000 and 1999 were \$43,426 and zero, respectively.

E. OTHER POSTEMPLOYMENT BENEFITS

PERS provides postretirement health care coverage to age and service retirees (and their dependents) with 10 or more years of qualifying Ohio service credit while STRS provides these benefits to all retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also available under PERS.

A portion of each employer's contributions is set aside for the funding of postretirement health care. For STRS, this rate was 8% of the total 14.00% (see Note D). The rate for PERS and PERS law enforcement division was 4.20% of the totals 13.55% and 16.70%, respectively. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to PERS and STRS.

Postretirement health care under PERS and STRS is financed on a pay-as-you-go basis. Assets available in the health care reserve fund were \$9.9 billion as of December 31, 1999 for PERS and \$2.8 billion as of June 30, 1999 for STRS. Eligible benefit recipients reported for PERS totaled 118,062 at December 31, 1998 and for STRS totaled 95,796 as of June 30, 1999.

For the year ended June 30, 2000, the contributions from the College for postretirement health care were \$907,513 and \$2,096,633 for PERS and STRS, respectively.

F. INSURANCE

The College maintains comprehensive and umbrella insurance coverage with private carriers for real property, building contents, vehicles and liability. Vehicle policies include liability coverage for bodily injury and property damage. The College also carries professional coverage for employees and its Board of Trustees. The College retains a consulting firm to perform an annual examination of all insurance policies.

G. CONTINGENCIES

The College receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. It is the opinion of management that any potential disallowance of claims would not have a material effect on the financial statements.

H. BOARD DESIGNATED ENDOWMENT FUND

The College's Board of Trustees has established, through transfers in prior years from the unrestricted educational and general fund, a board designated endowment fund to ensure the availability of ongoing operating resources that provide flexibility to meet such needs as transformation in the learning process and change in such key areas as student grants, scholarships and instructional equipment. It is anticipated that a portion of the annual endowment fund earnings will be added to principal each year to keep pace with inflation (50% of the fiscal 2000 and 1999 earnings of \$675,920 and \$638,820, were added in fiscal 2000 and 1999, respectively). The remaining earnings will be used for special needs based on the Board's periodic reassessment of the most pressing issues confronting the local community and the College. All future decisions related to the endowment fund's continued existence and operational procedures are totally at the Board's discretion.

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SINCLAIR COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grant or Pass-Through Grant or Program Title	Pass-Through Identifying Number	Federal CFDA Number or Grant Number	Federal Expenditures
U. S. Department of Education:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grant		84.007	\$ 195,810
Federal Work Study Program		84.033	185,206
Federal Pell Grant Program		84.063	6,271,606
Federal Direct Loan Program		84.268	<u>3,877,613</u>
			<u>10,530,235</u>
Trio Cluster:			
Trio Upward Bound		84.047	254,405
Trio Student Services		84.042	<u>251,006</u>
			<u>505,411</u>
Adult Education State Grant Program, pass-through from State of Ohio Department of Education	063362-AB-SS-98, 063362-AB-SD-99, and 063362-AB-S1-98	84.002	350,234
Vocational Education Basic Grants to States, pass-through from State of Ohio Department of Education	VECPH-P99-403 and VESE-99-TP-0053	84.048	177,676
Tech-Prep Education, pass-through from State of Ohio Department of Education	VETP-99-02R, VETP-99-02MKT, VETP-99-02K and VETP-99-02S	84.243	<u>409,393</u>
			<u>11,972,949</u>
National Science Foundation - Education and Human Resources		47.076	<u>733,202</u>
U.S. Department of Health and Human Services - Temporary Assistance for Needy Families, pass-through from Montgomery County Department of Human Services	Resolution 98-1262	93.558	<u>364,524</u>
U.S. Information Agency - College and University Affiliations Program		82.011	<u>1,391</u>
U.S. Department of Labor:			
Native American Employment and Training Program, pass-through from Montgomery County Department of Human Services	5415, 4768, 4940 and 4952	17.251	250,784
Employment Service and Job Training Pilot and Demonstration Program, pass-through from State of Ohio Department of Education	STW1999FED-99-REGION 04, STW1988FED-98-B04012 and STW1999FED-99-B0406	17.249	<u>501,869</u>
			<u>752,653</u>
U.S. Department of Agriculture - Summer Food Service Program for Children, pass-through from State of Ohio Department of Education	063362 23-ML 00, and 063362 24-AD 00	10.559	<u>1,678</u>
National Aeronautics and Space Administration - Aerospace Education Services Program, pass-through from Cuyahoga Community College	NAS 3-98099	43.001	<u>231,010</u>
Total Federal Awards			<u>\$14,057,407</u>

See note to the Schedule of Expenditures of Federal Awards.

SINCLAIR COMMUNITY COLLEGE

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards reflects the expenditures of Sinclair Community College under programs financed by the U.S. government for the year ended June 30, 2000 and is prepared on the accrual basis of accounting. Because the schedule presents only a selected portion of the operations included in the College's financial statements, it is not intended to, and does not, present the financial position, changes in fund balance and current funds revenues, expenditures and other changes.

For purposes of the schedule, federal awards include the following:

- Direct federal awards
- Pass-through funds received from other organizations under federally sponsored programs conducted by those organizations.

SINCLAIR COMMUNITY COLLEGE

ADDITIONAL INFORMATION - CHANGES IN AUXILIARY ENTERPRISES UNALLOCATED FUND BALANCES YEAR ENDED JUNE 30, 2000

	Food Service	Bookstore	Inter- Collegiate Athletics	Parking	Lockers	Total
REVENUES	\$ 204,914	\$6,715,594	\$ 310,277	\$ 532,172	\$ 2,511	\$7,765,468
EXPENDITURES	<u>1,324,062</u>	<u>6,159,213</u>	<u>275,375</u>	<u>765,230</u>	_____	<u>8,523,880</u>
Net change - current operations	(1,119,148)	556,381	34,902	(233,058)	2,511	(758,412)
NONMANDATORY TRANSFERS FROM (TO) :						
Allocated funds - auxiliaries	1,094,126	31,905	(34,902)	(514,983)		576,146
Plant funds	91,530	(48,085)		223,740		267,185
Equipment replacement reserves	(86,490)	(25,000)				(111,490)
Bookstore to Parking	_____	<u>(524,301)</u>	_____	<u>524,301</u>	_____	_____
NET INCREASE (DECREASE) FOR THE YEAR	(19,982)	(9,100)			2,511	(26,571)
FUND BALANCE:						
June 30, 1999	<u>19,982</u>	<u>9,100</u>	_____	_____	<u>41,854</u>	<u>70,936</u>
June 30, 2000	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$44,365</u>	<u>\$ 44,365</u>

SINCLAIR COMMUNITY COLLEGE

ADDITIONAL INFORMATION - COLLEGE OFFICIALS, ETC. AS OF JUNE 30, 2000

Board of Trustees	Expiration of Term
John E. Moore, Chairman	June 30, 2000
Robert S. Neff, Vice Chairman (Chairman effective July 1, 2000)	October 12, 2002
Marva Cosby	July 30, 2003
Katherine Hollingsworth	July 1, 2005
George G. Johnston	October 1, 2004
Jerome Tatar (Vice Chairman effective July 1, 2000)	July 1, 2005
John N. Taylor, Jr.	October 12, 2002
Ethel M. Washington	October 12, 2002
Joyce Young	October 1, 2004

College Administration

Dr. Ned J. Sifferlen, President
W. Joseph Gorman, Vice President for Business Operations
Michael W. Plourde, Director of Accounting Services
Charles E. Giles, Director of Business Services
William J. Boudouris, Director of Budget and Analysis

Bonding

All employees of the College are bonded by the Central Insurance Company to an aggregate limit of \$5,000,000.

College Location

Sinclair Community College is located at 444 West Third Street in Dayton, Ohio.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The President and Board of Trustees of
Sinclair Community College and Mr. Jim Petro,
Auditor of State:

We have audited the financial statements of Sinclair Community College (the "College") as of and for the year ended June 30, 2000, and have issued our report thereon dated October 10, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 the 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 specific 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 College's internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we have communicated other observations involving the internal control over financial reporting to the management of the College in a separate letter dated October 10, 2000.

* * * * *

This report is intended solely for the information and use of the Board of Trustees, the management of the College, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

October 10, 2000



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

The President and Board of Trustees of
Sinclair Community College and Mr. Jim Petro,
Auditor of State:

Compliance

We have audited the compliance of Sinclair Community College (the "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, 2000. The College's major federal programs are identified in 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 the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 the 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 the College's compliance with those requirements.

In our opinion, the 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, 2000.

Internal Control Over Compliance

The management of the 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 the 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 College's 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 the 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 College's internal control over compliance and its operation that we consider to be material weaknesses.

* * * * *

This report is intended solely for the information and use of the Board of Trustees, the management of the College, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

October 10, 2000

SINCLAIR COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2000

1. Summary of auditors' results
 - Type of Report on the Financial Statements – Unqualified Opinion.
 - Material Weaknesses in Internal Control Over Financial Reporting – None noted
 - Reportable Conditions in Internal Control over Financial Reporting Identified which are not Considered to be Material Weaknesses – None reported
 - Instances of Noncompliance that were Material to the Financial Statements – None
 - Material Weakness in Internal Control Over Compliance With Requirements Applicable to Major Federal Awards Programs – None
 - Reportable Conditions in Internal Control over Compliance with Requirements Applicable to Major Federal Awards Programs Identified which are not Considered to be Material Weaknesses – None reported
 - Type of Report on Compliance for Major Programs – Unqualified.
 - Audit Findings Required by OMB A-133 to be Reported by the Auditor – None
 - Major Programs – The two major programs were (i) student financial assistance which encompasses those Department of Education programs included in this cluster as shown on the Schedule of Expenditures of Federal Awards (CFDA Nos. 84.007, 84.033, 84.063 and 84.268), and (ii) Employment Service and Job Training Pilot and Demonstration Program (CFDA No. 17.249).
 - Dollar Threshold Used to Distinguish Between Type A and Type B programs – \$421,722
 - Low-Risk Auditee – The College qualified as a low-risk auditee, however, student financial assistance was considered a high-risk Type A program which resulted in audit coverage in excess of 50% of total Federal expenditures.
2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Government Auditing Standards – No matters are reportable.
3. Findings and Questioned Costs for Federal Awards – No matters are reportable.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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SINCLAIR COMMUNITY COLLEGE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2000**