



**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Balance Sheet	4
Statement of Changes in Fund Balances	8
Statement of Current Funds Revenues, Expenditures, and Other Changes	10
Notes to the General Purpose Financial Statements	11
Schedule of Current Revenues - Educational and General	28
Schedule of Current Expenditures - Educational and General	29
Schedule of Auxiliary Enterprises Revenues and Expenditures	30
Schedule of Federal Awards Receipts and Expenditures	31
Notes to Schedule of Federal Awards Receipts and Expenditures	32
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	33
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	35
Schedule of Findings - <i>OMB Circular A-133 §.505</i>	37

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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of Hocking Technical College, Athens County, Ohio (the College), as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the 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 the 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 Hocking Technical College, Athens County, as of June 30, 2000, and the revenues, expenditures, and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of the College, taken as a whole. The accompanying supplementary schedules listed in the table of contents, including the Schedule of Federal Awards Receipts and Expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis as, and are not a required part of the financial statements. 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.

Jim Petro
Auditor of State

December 6, 2000

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**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**BALANCE SHEET
JUNE 30, 2000**

ASSETS

Current Funds

Current Unrestricted Funds:

Educational and General:

Equity in Pooled Cash and Investments	\$	971,459
Due from Current Funds - Unrestricted - Auxiliary Enterprises		571,559
Accounts Receivable		1,115,308
Intergovernmental Receivable		7,384
Due from Quasi-Endowment Fund		10,957
Inventory Available - At Cost		<u>123,597</u>

Total Educational and General \$ 2,800,264

Auxiliary Enterprises:

Equity in Pooled Cash and Investments		2,568
Accounts Receivable/Accrued Interest		224,164
Inventory, At Cost and Other Assets		702,545
Prepaid Expenses and Book Credits		<u>76,542</u>

Total Auxiliary Enterprises 1,005,819

Total Current Unrestricted Funds 3,806,083

Current Restricted Funds:

Equity in Investments		405,369
Accrued Interest Receivable		15,731
Intergovernmental Receivable		<u>145,024</u>

Total Current Restricted Funds 566,124

Total Current Funds \$ 4,372,207

Loan Fund

Equity in Investments	\$	12,195
Notes Receivable		<u>1,224</u>

Total Loan Fund \$ 13,419

Quasi-Endowment Fund

Equity in Investments	\$	2,323,495
Accrued Interest Receivable		<u>43,828</u>

Total Quasi-Endowment Fund \$ 2,367,323

The notes to the financial statements are an integral part of this statement.

LIABILITIES AND FUND BALANCES

Current Funds

Current Unrestricted Funds:

Educational and General:

Reserve for Encumbrances and Incomplete Orders	\$	31,864
Accrued Payroll Liabilities		732,994
Compensated Absences Payable		566,794
Accrued Faculty Payroll Liabilities		759,980
Accounts Payable		70,756
Fund Balance - Unrestricted		<u>637,876</u>

Total Educational and General \$ 2,800,264

Auxiliary Enterprises:

Accounts Payable		59,657
Due to Current Funds - Unrestricted - Educational and General		571,559
Fund Balance - Unrestricted		<u>374,603</u>

Total Auxiliary Enterprises 1,005,819

Total Current Unrestricted Funds 3,806,083

Current Restricted Funds:

Accounts Payable		94,027
Fund Balance - Reserved for Encumbrances		176,325
Fund Balance - Restricted		<u>295,772</u>

Total Current Restricted Funds 566,124

Total Current Funds \$ 4,372,207

Loan Fund

Fund Balance - Unrestricted	\$	<u>13,419</u>
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Total Loan Fund \$ 13,419

Quasi-Endowment Fund

Due to Current Funds - Unrestricted - Educational and General	\$	10,957
Fund Balance - Unrestricted		1,076,742
Fund Balance - Restricted		<u>1,279,624</u>

Total Quasi-Endowment Fund \$ 2,367,323

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**BALANCE SHEET
JUNE 30, 2000
(Continued)**

ASSETS

Plant Funds

Unexpended Plant Fund:

Equity in Investments	\$ 10,038	
Accounts Receivable	<u>12,005</u>	

Total Unexpended Plant Fund		\$ 22,043
-----------------------------	--	-----------

Investment in Plant:

Land	7,318,600	
Movable Equipment	7,762,528	
Buildings	25,323,936	
Library Holdings	986,392	
Equipment Held Under Capital Lease	746,676	
Fleet	<u>1,225,822</u>	

Total Investment in Plant		<u>43,363,954</u>
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Total Plant Funds		<u>\$ 43,385,997</u>
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Agency Funds

Equity in Pooled Cash	<u>\$ 250,825</u>	
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Total Agency Funds		<u>\$ 250,825</u>
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Hocking College Foundation, Inc.

Cash and Investments in Segregated Accounts	\$ 381,488	
Land	68,879	
Buildings	<u>4,232,128</u>	

Total Hocking College Foundation, Inc.		<u>\$ 4,682,495</u>
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The notes to the financial statements are an integral part of this statement.

LIABILITIES AND FUND BALANCES

Plant Funds

Unexpended Plant Fund:

Fund Balance - Unrestricted \$ 22,043

Total Unexpended Plant Fund \$ 22,043

Investment in Plant:

Capital Lease Obligation 455,378

Bond Anticipation Note Payable 1,400,000

Interest Payable 18,126

Net Investment in Plant 41,490,450

Total Investment in Plant 43,363,954

Total Plant Funds **\$ 43,385,997**

Agency Funds

Deposits Held in Custody \$ 250,825

Total Agency Funds **\$ 250,825**

Hocking College Foundation, Inc.

Wolfe-Bennett Land Note Payable \$ 114,800

Taxidermy Lab & Store Note Payable 85,335

Dormitory Note Payable 1,597,299

Motel Renovation Note Payable 581,955

Interest Payable 10,353

Fund Balance - Unrestricted 2,292,753

Total Hocking College Foundation, Inc. **\$ 4,682,495**

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Current Funds			Total Current Funds
	Unrestricted		Restricted	
	Educational and General	Auxiliary Enterprises	Educational and General	
Revenue and Other Additions				
Unrestricted Current Revenues	\$ 30,177,497	\$ 5,784,737	\$	\$ 35,962,234
State Appropriations - Restricted				
Federal Grants and Contracts - Restricted (See Note 6)			3,642,259	3,642,259
State Grants and Contracts - Restricted			377,111	377,111
Private Gifts, Grants and Contracts - Restricted Expended for Library Acquisitions (including charges to Current Fund Expenditures)			340,397	340,397
Expended for Plant Facilities (including charges to Current Fund Expenditures)				
Total Revenue and Other Additions	<u>30,177,497</u>	<u>5,784,737</u>	<u>4,359,767</u>	<u>40,322,001</u>
Expenditures and Other Deductions				
Educational and General Expenditures (See Note 6)	29,931,312		4,321,992	34,253,304
Auxiliary Enterprises Expenditures Expended for Plant Facilities		5,803,736		5,803,736
Total Expenditures and Other Deductions	<u>29,931,312</u>	<u>5,803,736</u>	<u>4,321,992</u>	<u>40,057,040</u>
Transfers Among Funds				
Non-mandatory Transfers for Plant Funds	(330,000)			(330,000)
Total Transfers	<u>(330,000)</u>			<u>(330,000)</u>
Net Increase (Decrease) for Year	(83,815)	(18,999)	37,775	(65,039)
Fund Balance at the Beginning of the Year	<u>721,691</u>	<u>393,602</u>	<u>434,322</u>	<u>1,549,615</u>
Fund Balances at the End of the Year	<u>\$ 637,876</u>	<u>\$ 374,603</u>	<u>\$ 472,097</u>	<u>\$ 1,484,576</u>

The notes to the financial statements are an integral part of this statement.

<u>Loan Funds</u>	<u>Quasi- Endowment Funds</u>	<u>Plant Funds</u>		<u>Hocking College Foundation, Inc.</u>
		<u>Unexpended</u>	<u>Investment in Plant</u>	
\$	\$ 116,891	\$ 298,183 1,542,479	\$	\$
				427,720
			184,890	
			<u>2,876,184</u>	
<u>0</u>	<u>116,891</u>	<u>1,840,662</u>	<u>3,061,074</u>	<u>427,720</u>
				227,474
		<u>2,554,669</u>	<u>186,495</u>	
<u>0</u>	<u>0</u>	<u>2,554,669</u>	<u>186,495</u>	<u>227,474</u>
	(120,000)	<u>450,000</u>		
	(120,000)	<u>450,000</u>		
0	(3,109)	(264,007)	2,874,579	200,246
<u>13,419</u>	<u>2,359,475</u>	<u>286,050</u>	<u>38,615,871</u>	<u>2,092,507</u>
<u>\$ 13,419</u>	<u>\$ 2,356,366</u>	<u>\$ 22,043</u>	<u>\$ 41,490,450</u>	<u>\$ 2,292,753</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Current Funds			
	Unrestricted		Restricted	Total Current Funds
	Educational and General	Auxiliary Enterprises	Educational and General	
Revenues				
Tuition, Fees and Other Student Charges	\$ 11,563,441	\$	\$	\$ 11,563,441
State Appropriations	17,446,362			17,446,362
Federal Grants and Contracts			3,642,259	3,642,259
State Grants and Contracts	4,500		377,111	381,611
Private Gifts, Grants and Contracts	11,283		340,397	351,680
Sales and Services	252,460	5,784,737		6,037,197
Other Sources	899,451			899,451
	30,177,497	5,784,737	4,359,767	40,322,001
Total Revenues				
Expenditures				
Educational and General				
Instruction and Departmental Research	18,531,625		430,818	18,962,443
Public Service			18,813	18,813
Academic Support	2,870,413			2,870,413
Student Services	2,520,190		413,125	2,933,315
Institutional Support	3,062,876			3,062,876
Operation and Maintenance of Plant	1,210,319			1,210,319
Scholarships, Fellowships and Workstudy	1,735,889		3,459,236	5,195,125
	29,931,312	0	4,321,992	34,253,304
Total Educational and General Expenditures				
Auxiliary Enterprises		5,803,736		5,803,736
Total Expenditures	29,931,312	5,803,736	4,321,992	40,057,040
Non-Mandatory Transfers to Plant Funds	(330,000)			(330,000)
Net Increase (Decrease) in Fund Balances	\$ (83,815)	\$ (18,999)	\$ 37,775	\$ (65,039)

The notes to the financial statements are an integral part of this statement.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY

A. Description of the College

Hocking Technical College is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College was formed after the creation of a technical college district, as defined in Chapter 3357 of the Ohio Revised Code. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this Board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by a caucus of the county, city and exempted village school districts' Boards of Education that operate in the technical college district. A President is appointed by the Board of Trustees to oversee day-to-day operations of the College. An appointed Vice President of Fiscal Operations is the custodian of funds and investment officer, and is also responsible for the fiscal control of the resources of the College, which are maintained in the funds described below.

The College is an institution of higher learning dedicated to providing the residents of the technical college district with a low-cost higher education in various academic and vocational technologies, leading to a two-year associate degree.

B. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the College are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the College.

Component units are legally separate organizations for which the College is financially accountable. The College is financially accountable for an organization if the College appoints a voting majority of the organization's governing board and (1) the College is able to significantly influence the programs or services performed or provided by the organization; or (2) the College is legally entitled to or can otherwise access the organization's resources; the College is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the College is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the College in that the College approves the budget, the issuance of debt, or the levying of taxes.

The following organizations are considered part of the reporting entity of the College and are included in the College's financial statements as Auxiliary Enterprises:

- Ramada Inn-Hocking Valley
- Uniglobe Travel

The Hocking College Foundation, Inc., is not a part of the primary government of the College, but due to its relationship with the College and the requirements of GASB Statement No. 14, it is discretely presented as a component unit within the College's financial statements. The Foundation is a nonprofit corporation fund-raising organization, dedicated solely to raising scholarships and other funds for the benefit of the College. Specific disclosures relating to the component unit can be found in Note 16.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY (Continued)

B. Reporting Entity (Continued)

The Southeast Ohio Probation Treatment Alternative Center (SEPTA) is a legally separate organization, but is included as an Agency Fund in the financial statements, since the College is the fiscal agent for them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The financial statements of the College have been prepared in conformity with generally accepted accounting principles and the principles of fund accounting for educational institutions. 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. It does not purport to present the results of operations or the net income or loss of the period as would a statement of income or a statement of revenues and expenses.

Fund accounting is a concept in which legal and other restraints require the recording of specific revenues and expenditures/expenses in separate funds according to those restrictions. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are recorded and reported by such fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from internally designated and unrestricted funds. Restricted funds may only be utilized in accordance with the purpose established by the source of such funds. Internally designated funds are unrestricted funds that, at the discretion of the Board of Trustees, have been designated for specific purposes.

Unrestricted and internally designated funds are accounted for initially in the unrestricted current funds group, and then in the group designated by the Board of Trustees. Restricted revenues are accounted for in the appropriate restricted fund and are reported as revenues when utilized for current operating purposes. All gains and losses arising from the sale, collection, or other disposition of investments and non-cash assets are accounted for in the fund owning such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets.

To the extent current funds are used to finance long-term assets, the amounts provided for normal replacement of equipment, library books, and furniture are accounted for as expenditures.

Fund Groups

The following are descriptions of the College's fund groups:

Current Funds - Unrestricted

The Current Unrestricted Funds include resources to be used for the primary operations of the College and have not been restricted by the Board of Trustees for other purposes. The funds are used to account for transactions relating to the primary and supporting objective of the College.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

Fund Groups (Continued)

Current Fund - Restricted

The Current Restricted Fund accounts for resources that are available to finance current operations of the College but whose use has been restricted by donors and other external agencies to the specific activity for which they can be expended.

Loan Fund

The Loan Fund is used to account for loans to students. Loans granted are receivables of the fund until they are repaid. At that time, the money becomes available for new loans. Additions to these funds are gifts, governmental grants, interest on loans outstanding, and appropriations from other funds. Deductions are the result of notes canceled or written off and certain administrative expenses related to the loan program.

Endowment Fund

The Endowment Fund is a fund with respect to which donors, the governing board or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate of the gift and in perpetuity and invested for the purpose of producing present and future income which may be either expended or added to the principal. The College's only endowment fund is a quasi-endowment fund.

Plant Funds

Plant funds are used to record transactions relating to the College's plant assets. The Plant Fund group consists of (1) funds to be used for the acquisition of physical properties for institutional purposes but unexpended at the date of reporting; (2) funds set aside for the renewal and replacement of institutional properties; and (3) funds expended for and thus invested in institutional properties. The Plant Fund group is comprised of two self-balancing funds. They are:

Unexpended Plant Funds: This fund is used to account for resources set aside for the improvement of the College's fixed assets.

Investment in Plant Fund: This fund is used to account for resources expended, and thus invested, in the fixed assets of College.

Agency Funds

Agency funds consist of funds held by the College as custodian or fiscal agent for others, such as student organizations, faculty members, etc.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process

The budget is an annual plan for the financial operations of the College that establishes a basis of control and evaluation of activities financed through the current funds of the College. Formal adoption of the budget into the accounting records is not legally mandated and thus, the College does not integrate the budget into its accounts.

C. Appropriations

To provide control over expenditures, a budget is prepared by the Vice President of Fiscal Operations with input from other administrative deans and presented to the Board of Trustees for their approval near the beginning of the fiscal year. To account for major developments that occur during the first six months, a revised budget may be prepared and presented to the Board for their approval in January of the same fiscal year.

D. Encumbrances

The College utilizes an encumbrance system of accounting to record purchase orders, contracts and other commitments for materials and services as a measure of budgetary control over appropriations. However, the College is currently expending payment made against the encumbrances in the following fiscal year and is not reserving a portion of the applicable fund balance.

E. Cash and Investments

To improve cash management, cash received by the College is pooled in a central bank account. Monies for all funds are maintained in this account, except for the deposits of the Ramada Inn Fund, President's Development Fund, and Hocking College Foundation, Inc., which are held separately from those of other College funds. Individual fund integrity is maintained through College records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. During fiscal year 2000, investments were limited to certificates of deposit with local institutions and stocks.

The College makes investments in accordance with the Board of Trustee's policy, which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Vice President of Fiscal Operations within these policy guidelines.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

For purposes of the presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of six months or less at the time they are purchased by the College are considered to be cash equivalents.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Accounts Receivable

Receivables at June 30, 2000, consist primarily of student tuition and fees in the Current Unrestricted Funds, sales and services in the Auxiliary Funds, and intergovernmental grants and contracts in the Current Restricted Fund. Receivables are reported at net using the direct write-off method.

G. Inventory

Inventories consist principally of books and supplies of the bookstore and warehouse stores inventories which are stated at the lower of cost or market determined on the first-in, first-out (FIFO) basis.

H. Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the Current Unrestricted Fund or Plant Fund, and the related assets are reported in the Plant Fund. Property, plant and equipment (fixed assets) are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The College follows the general educational institutional practice of not providing for depreciation.

I. Compensated Absences

The College records a liability for sick leave and vacation when the obligation is attributable to services previously rendered. To rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

J. Pensions

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

K. Interfund Transactions

During the course of normal operations, the College has numerous transactions between funds. Inter-fund transactions are generally classified as "due to" and "due from" and represent, in most instances, "cash in bank" of the various funds of the College, with the exception of the Unrestricted Educational and General Fund.

L. Fund Balance Restrictions

The College restricts portions of fund balance which are legally segregated for specific use or which do not represent available expendable resources and therefore, are not appropriate for expenditure. Unrestricted fund balance indicates that portion of fund balance which is appropriate in future periods.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

3. CASH AND INVESTMENTS

State statutes classify monies held by the College into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the College treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

- a. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- b. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- c. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. CASH AND INVESTMENTS (Continued)

- d. Bonds and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
- f. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.*"

Deposits: At June 30, 2000, the carrying amount of the College's deposits was \$3,904,773 and the bank balance was \$4,263,809. All of the bank balance was covered by federal depository insurance or qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the collateral pool must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third-party trustees of the financial institutions.

Investments: GASB Statement No. 3 requires the College categorize investments to give an indication of the level of risk assumed by the College at 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 for which the securities are held by the counterparty'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.

	<u>Category 2</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Stocks and Bonds	<u>\$71,176</u>	<u>\$71,176</u>	<u>\$71,176</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "*Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.*" Cash and cash equivalents are defined to include investments of the cash management pool and investments with maturities of six months or less at the time of their purchase by the College.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. QUASI-ENDOWMENT

In 1985, the College was awarded \$446,499 from the U.S. Department of Education to create an endowment fund (Corpus I). The stipulation to receiving the grant was that the College had to match this grant dollar for dollar. In 1987, the College was awarded an additional \$193,313 from the U.S. Department of Education (Corpus II) with the same stipulation. As of June 30, 2000, the Endowment Fund has \$1,279,624 in principal that is invested which consists of \$639,812 from federal dollars and \$639,812 from matching funds of the College.

According to the grant agreement, the interest earned on these investments is available and can be used for current operations of the College. The College has not used the interest earned, rather they have reinvested the interest back into the Endowment Fund. As of June 30, 2000, the total interest earnings accumulated in the Endowment Fund and available for current operations is \$1,076,742, and the Endowment Fund balance is \$2,356,366.

5. TITLE IV GRANT

The Pell Grant - Direct Lending Program funds are included in the Current Restricted Fund as requested and received by the College from the U.S. Department of Education for eligible students, in compliance with regulations set forth by the Office of Post-secondary Education. For the year ended June 30, 2000, the College received \$2,628,659 and disbursed \$2,635,998 in Pell Grant funds that are included in federal grants and contracts - restricted, and educational and general expenditures, respectively, on the Statement of Changes in Fund Balances.

6. STATE SUPPORT

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

In addition to the student subsidies, the State of Ohio provides the funding and constructs major plant facilities on the College's campus. This funding is obtained from the issuance of special obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of a facility, the Board of Regents turns over control to the College, which capitalizes the costs thereof. Neither the obligation for the special obligation bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Ohio Board of Regents by the Ohio General Assembly.

The facilities are not pledged as collateral for the special obligation 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 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. As a result of the above described financial assistance provided by the State of Ohio to the College, outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's balance sheet. In addition, appropriations by the Ohio General Assembly to the Ohio Board of Regents for payment for debt service charges are not reflected in the appropriations received by the College, and the related debt service payments are not recorded in the College's accounts.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. NOTES PAYABLE

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds, may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the original five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or available funds of the College, or a combination of these sources. All notes are backed by the full faith and credit of the College and are reported as a liability in the fund which received the note proceeds.

The College had the following general obligation bond anticipation note outstanding at June 30, 2000:

Purpose/ Description	Maturity Date	Interest Rate	Balance at July 1, 1999	Issued (Retired)	Balance at June 30, 2000
<i>Investment in Plant Fund:</i>					
Lake Snowden Land Purchase	12/23/00	3.60%	<u>\$1,500,000</u>	<u>(\$100,000)</u>	<u>\$1,400,000</u>

8. CAPITAL LEASE OBLIGATIONS

The College is obligated under certain leases that are accounted for as capital leases. As of June 30, 2000, \$455,378 in capital lease obligations (excluding interest payments) were payable for equipment for the Perry County facility, computer equipment for administrative offices and maintenance equipment for the main campus. The liabilities for these leases are reflected in the Investment in Plant Fund. The following is a schedule of future minimum lease payments under these capital leases, together with the net present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30	Perry County Campus Equipment	Computer Equipment	Maintenance Equipment	Total
2001	\$60,858	\$36,313	\$84,154	\$181,325
2002	60,858	36,313	35,095	132,266
2003	60,858	36,313	18,743	115,914
2004	0	36,312	18,743	55,055
2005	<u>0</u>	<u>0</u>	<u>18,743</u>	<u>18,743</u>
Total Payments	182,574	145,251	175,478	503,303
Less: Interest	<u>(15,974)</u>	<u>(16,963)</u>	<u>(14,988)</u>	<u>(47,925)</u>
Present Value of Minimum Lease Payments	<u>\$166,600</u>	<u>\$128,288</u>	<u>\$160,490</u>	<u>\$455,378</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The faculty of the College are covered by 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 includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The College was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year ended June 30, 1999, the portion used to fund pension obligations was 10.5 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 required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$2,086,978, \$1,985,986, and \$1,908,547, respectively; 88.8 percent has been contributed for fiscal year 2000 and 100 percent has been contributed for the fiscal years 1999 and 1998. Of the 2000 amount, \$232,208, was unpaid contribution at June 30, 2000, and is recorded as a liability in the Current Unrestricted Fund.

Alternative Retirement Plan: Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS or an alternative retirement plan (ARP) offered by their employer. Full-time faculty with less than five years of service credit have a one-time option to select an ARP instead of STRS. Employees hired after the ARP is established have 90 days from their hire date to select a retirement plan.

B. School Employees Retirement System

The College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 7.7 percent was the portion to fund pension obligations. For fiscal year 1999, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System (Continued)

The College's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$630,352, \$569,366, and \$542,930, respectively; 89.0 percent has been contributed for fiscal year 2000 and 100 percent has been contributed for the fiscal years 1999 and 1998. Of the 2000 amount, \$70,115, was unpaid at June 30, 2000, and is recorded as a liability in the Current Unrestricted Fund.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, the College did not have any employees covered by the Social Security system. The College's liability would be 6.2 percent of wages paid.

10. POSTEMPLOYMENT 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 School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the College, this amount equaled \$1,184,384 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employers' 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 6.30 percent of covered payroll.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the College, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$285,863.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Vacation and sick leave accumulated by employees has been recorded on the Current Unrestricted Fund. Upon termination of College service, a fully vested employee is entitled to 25 percent of their accumulated sick leave not to exceed 30 days plus all accumulated vacation. At June 30, 2000, vested and probable benefits for vacation leave totaled \$379,951, and sick leave totaled \$186,843, for a total liability of \$566,794.

B. Insurance Benefits

Medical/surgical, prescription drugs, and vision insurance is offered to employees through Medical Mutual Benefits Insurance of Ohio. The College pays monthly premiums from the same funds that pay the employees' salaries. Dental coverage is provided by Oasis Trust Insurance Company.

The College provides life insurance and accidental death and dismemberment insurance to employees through Fortis Insurance Company.

C. Deferred Compensation

College employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Under the deferred compensation program, all plan assets are now being held in a trust arrangement for the exclusive benefit of all participants and their beneficiaries as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to establish such a trust arrangement by January 1, 1999. As a result, the assets of this plan are no longer reflected in the financial statements of the College.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. RAMADA INN-HOCKING VALLEY

On January 29, 1998, the College entered into a franchise agreement with Cendant Corporation, for marketing and operational support services. As a result, the name of the College's enterprise operation for training of hotel/restaurant technology students, formerly the Quality Inn-Hocking Valley, was changed to Ramada Inn-Hocking Valley. The Ramada Inn is a full-time motel, restaurant and lounge that serves the public. Employees of the Inn are employees of the College. Ownership and management of the Inn was retained by the College.

The initial franchise fee of \$17,500 was waived. However, a continuing franchise fee was established, at 4.5 percent of gross room revenues for 15 years, beginning in 1998.

13. UNIGLOBE TRAVEL

On November 19, 1990, the College entered into a franchise agreement with Uniglobe Travel, for marketing and operational support services. As a result, the name of the College's enterprise operation for training of travel/tourism technology students, formerly the AAA Travel Agency, was changed to Uniglobe Travel Agency. The Uniglobe Travel Agency is a full-time travel agency and travel bureau that serves the public. Employees of the Agency are employees of the College. Ownership and management of the Agency was retained by the College.

The initial franchise fee of \$15,000. A continuing franchise fee was established, as followed:

Revenues up to \$30,200 per month	10% of gross sales
Revenues greater than \$30,200 but less than \$60,400 per month	7% of gross sales
Revenues exceeding \$60,400 per month	5% of gross sales

14. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The College has addressed these various types of risk and have contracted with Reed and Baur Insurance for liability, property, and fleet insurance. Reed and Baur Insurance also provides public officials bonds. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in the aggregate. The College also carries a \$10,000,000 excess liability policy that provides coverage beyond the general liability and fleet coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The College maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

The College maintains replacement cost insurance on buildings and contents, excluding the Ramada Inn-Hocking Valley, in the amount of \$45,732,096, with a \$10,000 deductible per occurrence. The College has a separate policy on the Ramada Inn-Hocking Valley in the amount of \$4,116,840, with a \$1,000 deductible per occurrence. The College maintains tuition and fees insurance, and room and board rental insurance in the amounts of \$12,563,208 and \$1,033,189, respectively. Additionally, the College has a special liquor insurance policy in the amount of \$1,000,000 for the operations of the restaurant and lounge in the Ramada Inn-Hocking Valley.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. RISK MANAGEMENT (Continued)

With the operations of the Uniglobe travel Agency, the College has a special policy for professional liability for travel agents in the amount of \$1,000,000.

The College pays the State Workers' Compensation System a premium based on a rate per each \$100 of salaries. This rate is calculated based on accident history and administrative costs.

15. CONTINGENCIES

A. Grants

The College received financial assistance from federal and state 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2000.

B. Litigation

The College is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The College's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect on the overall financial position of the College as of June 30, 2000.

16. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC.

The Hocking College Foundation, Inc., was incorporated with the State of Ohio on October 21, 1992, and created for the purpose of operating exclusively for charitable and educational purposes in support of Hocking Technical College, a state institution of higher learning, authorizing and existing under Chapter 3357 of the Ohio Revised Code. The Internal Revenue Service granted a foundation status classification under Section 501(a) of the IRS Regulations as an organization described in Section 501(c)(3), granting the Foundation tax-exempt status. The initial five year ruling period ending June 30, 1997, was updated on November 6, 1997, with the IRS reaffirming the Foundation's exempt status under Section 501(a), as described in Section 501(c)(3) of the Internal Revenue Code.

Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The financial statements of the Hocking College Foundation, Inc., (the "Foundation") have been prepared on the accrual basis and in accordance with generally accepted accounting principles and the principles of fund accounting for non-profit corporations. The Statement of Changes in Fund Balances is a statement of financial activities related to the current reporting period. It does 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.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

B. Cash and Investments

All cash received by the Foundation is deposited in a central bank account. During fiscal year 2000, investments were limited to certificates of deposit with local financial institutions and stocks. Investment earnings are allocated as authorized by State statute.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

For purposes of the presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of six months or less at the time they are purchased by the Foundation are considered to be cash equivalents.

C. Property, Plant and Equipment

The Foundation capitalizes all funds used to acquire or construct fixed assets. Property and buildings are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The Foundation follows the practice of not providing for depreciation.

The costs of normal maintenance and repairs that do not add to the value or life of the asset or materially extend an asset's life are not capitalized. Improvements are included as additions to the fixed assets.

D. Cash and Investments

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.*"

Deposits: At June 30, 2000, the carrying amount of the Foundation's deposits was \$376,339 and the bank balance was \$376,339. The Foundation has invested all of these funds in certificates of deposit and savings accounts. All of the bank balance was covered by federal depository insurance or qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the collateral pool must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third-party trustees of the financial institutions.

Investments: GASB Statement No. 3 requires the Foundation to categorize investments to give an indication of the level of risk assumed by the Foundation at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Foundation or its agent in the Foundation's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Foundation'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 Foundation's name.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

D. Cash and Investments (Continued)

	<u>Category 2</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Stocks	<u>\$5,149</u>	<u>\$5,149</u>	<u>\$5,149</u>

E. Long-Term Obligations

The Foundation had the following general obligation bond anticipation notes outstanding at June 30, 2000:

<u>Purpose/ Description</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance at 7/1/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/00</u>
<i>Land Contract Payable:</i>						
Sunday Creek Land Project	1994	6.00%	\$35,834	\$0	\$35,834	\$0
<i>Long-Term Notes Payable:</i>						
Hocking Heights Dormitory	1993	5.05%	1,642,535	0	45,236	1,597,299
Wolfe-Bennett Land Note	1999	7.75%	131,600	0	16,800	114,800
Taxidermy Lab and Store	1999	7.57%	<u>0</u>	<u>89,362</u>	<u>4,027</u>	<u>85,335</u>
Total Long-Term Notes			1,774,135	89,362	66,063	1,797,434
<i>Long-Term Loan Payable:</i>						
Motel Renovation Loan	1998	8.00%	<u>680,438</u>	<u>0</u>	<u>98,483</u>	<u>581,955</u>
Totals			<u>\$2,490,407</u>	<u>\$89,362</u>	<u>\$200,380</u>	<u>\$2,379,389</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. COMPONENT UNIT DISCLOSURES - HOCKING COLLEGE FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

E. Long-Term Obligations (Continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2000, are as follows:

Fiscal Year Ending June 30	Hocking Heights Dormitory	Taxidermy Lab and Shop	Motel Renovation	Wolfe- Bennett Land	Total
2001	\$157,714	\$12,000	\$150,205	\$28,437	\$348,356
2002	157,714	12,000	150,205	24,456	344,375
2003	157,715	12,000	150,205	22,986	342,906
2004	157,714	12,000	150,206	21,516	341,436
2005	157,714	12,000	112,661	20,046	302,421
2006 - 2010	788,571	60,000	0	31,544	880,115
2011 - 2014	<u>617,715</u>	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>662,715</u>
Total Payments	2,194,857	165,000	713,482	148,985	3,222,324
Less: Interest	<u>(597,558)</u>	<u>(79,665)</u>	<u>(131,527)</u>	<u>(34,185)</u>	<u>(842,935)</u>
Principal Due	<u>\$1,597,299</u>	<u>\$85,335</u>	<u>\$581,955</u>	<u>\$114,800</u>	<u>\$2,379,389</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF CURRENT REVENUES - EDUCATIONAL AND GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Tuition, Fees and Other Student Charges			
Instructional and General (less refunds)	\$ 8,867,957	\$	\$ 8,867,957
Nonresident Surcharge	1,057,810		1,057,810
Application	50,722		50,722
Diploma Fee and Transcripts	66,019		66,019
Other Student Fees	302,927		302,927
Lab Fees	<u>1,218,006</u>		<u>1,218,006</u>
Total Tuition, Fees and Other Student Charges	11,563,441	0	11,563,441
State Appropriations and Instructional Subsidy	17,446,362	377,111	17,823,473
Federal Grants and Contracts		3,642,259	3,642,259
State Grants and Contracts	4,500		4,500
Private Gifts, Grants and Contracts	11,283	340,397	351,680
Sales and Services of Educational Activities			
Academic Department Sales and Miscellaneous Income	252,460		252,460
Other Sources			
Interest Income	27,854		27,854
Public Service Rotary	543,749		543,749
Other Rotary Accounts	<u>327,848</u>		<u>327,848</u>
Total Other Sources	<u>899,451</u>	<u>0</u>	<u>899,451</u>
Total Current Revenues - Educational and General	<u>\$ 30,177,497</u>	<u>\$ 4,359,767</u>	<u>\$ 34,537,264</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF CURRENT EXPENDITURES - EDUCATIONAL AND GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Instructional and Departmental Research			
General Education	\$ 2,486,349	\$	\$ 2,486,349
Evening Division	1,321,705		1,321,705
Business and Hospitality	1,746,752		1,746,752
Criminal Justice Technology	1,415,342		1,415,342
Natural Resources Technology	3,746,152		3,746,152
Health Careers Technology	3,615,520		3,615,520
Engineering Technology	2,187,793		2,187,793
Prison Programs	1,269,590		1,269,590
Perry Center	742,422		742,422
Technical Education Funding		430,818	430,818
Total Instructional and Departmental Research	18,531,625	430,818	18,962,443
Public Service			
AACC Grant		18,813	18,813
Academic Support			
Library	214,431		214,431
Media Center	358,156		358,156
Academic Administration	1,462,160		1,462,160
Personnel Services	377,219		377,219
Rotary Fund Expenditures	403,541		403,541
Compensated Absences Increase	54,906		54,906
Total Academic Support	2,870,413	0	2,870,413
Student Services			
Student Personnel Services	2,225,655		2,225,655
Tech Prep, Perkins, JOBS, Work Force	294,535	413,125	707,660
Total Student Services	2,520,190	413,125	2,933,315
Institutional Support			
Fiscal and Computer Services	1,166,630		1,166,630
Security and Student Employment	499,716		499,716
Advertising, Postage and Memberships	560,461		560,461
Machine Rentals and Repair	288,102		288,102
Operation of Owned Vehicles	54,016		54,016
Others	193,112		193,112
Insurance and Workers' Compensation	260,500		260,500
Institutional and Staff Development	29,564		29,564
Telemarketing and Student Businesses	10,775		10,775
Total Institutional Support	3,062,876	0	3,062,876
Operation and Maintenance of Plant			
Maintenance of Buildings and Grounds			
Utilities and Operation of Plant	1,210,319		1,210,319
Scholarships and Fellowships			
Scholarships, Grants-in-Aid, Administrative Expenditures	791,532	3,459,236	4,250,768
District Scholars	944,357		944,357
Total Scholarships and Fellowships	1,735,889	3,459,236	5,195,125
Total Current Expenditures - Educational and General	\$ 29,931,312	\$ 4,321,992	\$ 34,253,304

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF AUXILIARY ENTERPRISES REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Bookstore</u>	<u>Ramada Inn</u>	<u>Hocking Heights</u>	<u>Uniglobe</u>	<u>Total</u>
Revenues					
Sales	\$ 1,763,224	\$ 1,177,751	\$ 1,366,889	\$ 1,476,873	\$ 5,784,737
Total Revenues	1,763,224	1,177,751	1,366,889	1,476,873	5,784,737
Expenditures					
Cost of Sales	1,315,994	291,251		1,341,465	2,948,710
Other Costs	<u>409,064</u>	<u>971,101</u>	<u>1,348,709</u>	<u>126,152</u>	<u>2,855,026</u>
Total Expenditures	<u>1,725,058</u>	<u>1,262,352</u>	<u>1,348,709</u>	<u>1,467,617</u>	<u>5,803,736</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 38,166</u>	<u>\$ (84,601)</u>	<u>\$ 18,180</u>	<u>\$ 9,256</u>	<u>\$ (18,999)</u>

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Direct from Federal Government:</i>				
Student Support Services	84.042	N/A	\$ 178,290	\$ 178,290
Student Financial Assistance Cluster:				
Supplemental Education Opportunity Grants	84.007	N/A	93,000	93,000
College Work Study Program	84.033	N/A	295,586	295,586
Pell Grant Program	84.063	N/A	2,635,998	2,635,998
Federal Direct Student Loan Program (See Note 1)	84.268	N/A	<u> </u>	<u> </u>
Total Student Financial Assistance Cluster			3,024,584	3,024,584
Endowment Challenge Grant Program:				
Income I	84.031	N/A	91,524	85,200
Income II			<u>36,324</u>	<u>34,800</u>
Total Income			<u>127,848</u>	<u>120,000</u>
Total Endowment Challenge Grant Program			127,848	120,000
Child Care Grant	84.335	N/A	4,409	4,409
<i>Pass-Through State Department of Education:</i>				
Vocational Education Basic Grants	84.048	20-C2-00	184,685	180,237
Technical Preparation Grant	84.243	3E	<u>45,683</u>	<u>123,036</u>
Total United States Department of Education			3,565,499	3,630,556
CORPORATION FOR NATIONAL SERVICE				
<i>Direct from Federal Government:</i>				
Learn and Serve America - Higher Education	94.005	N/A	<u>18,813</u>	<u>18,813</u>
Total Corporation for National Service			18,813	18,813
UNITED STATES DEPARTMENT OF LABOR				
<i>Pass-Through State Department of Education:</i>				
Employment Services and Job Training - Pilot and Demonstration Program	17.249	98B11007	<u>2,278</u>	<u>2,278</u>
Total United States Department of Labor			<u>2,278</u>	<u>2,278</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 3,586,590</u>	<u>\$ 3,651,647</u>

The accompanying notes to this Schedule are an integral part of this Schedule.

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Note 1 - Federal Direct Student Loans

During the fiscal year ended June 30, 2000, the College processed \$3,634,543 of new loans under the Federal Direct Student Loan Program, CFDA #84.268.

Note 2 - Basis of Accounting

The College prepares its Schedule of Federal Awards Receipts and Expenditures (the Schedule) on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the financial statements of Hocking Technical College, Athens County, Ohio (the College), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 6, 2000. 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 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the College in a separate letter dated December 6, 2000.

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 internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the College in a separate letter dated December 6, 2000.

This report is intended for the information and use of the Board of Trustees, the management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 6, 2000



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

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hocking Technical College
Athens County
3301 Hocking Parkway
Nelsonville, Ohio 45764

To the Board of Trustees:

Compliance

We have audited the compliance of Hocking Technical College, Athens County, Ohio (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 its major federal program for the year ended June 30, 2000. The College's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 its major federal program 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 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 and use of the Board of Trustees, the management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 6, 2000

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2000**

1. 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 conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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):	Student Financial Assistance Cluster: Supplemental Educational Opportunity Grant, CFDA #84.007 College Work Study Program, CFDA #84.033 Pell Grant, CFDA #84.063 Federal Direct Student Loan Program, CFDA #84.268
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**HOCKING TECHNICAL COLLEGE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2000
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

There were no findings related to the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HOCKING TECHNICAL COLLEGE

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2001**