

**STARK STATE COLLEGE OF TECHNOLOGY**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Stark State College of Technology  
6200 Frank Avenue, NW  
Canton, Ohio 44720

We have reviewed the Independent Auditor's Report of the Stark State College of Technology, Stark County, prepared by Gary B. Fink & Associates, Inc., 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 Stark State College of Technology is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

January 6, 2001

**STARK STATE COLLEGE OF TECHNOLOGY  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Stark State College of Technology  
6200 Frank Avenue, NW  
Canton, Ohio 44720-7299

We have audited the accompanying financial statements of the Stark State College of Technology, 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 the Stark State College of Technology, as of June 30, 2000, and the changes in its fund balances and its current funds revenues, expenditures and other changes 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 November 10, 2000 on our consideration of the College's internal control over financial reporting and on 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.

**INDEPENDENT AUDITOR'S REPORT** (continued)

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the 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.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

November 10, 2000

*FINANCIAL STATEMENTS*

**STARK STATE COLLEGE OF TECHNOLOGY**  
**BALANCE SHEET**  
**JUNE 30, 2000**

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ASSETS

CURRENT FUNDS:

Unrestricted:

Educational and General:

Cash and Investments	\$4,478,355
Accounts Receivable, Less Allowance of \$274,363 in 2000	2,554,810
Insurance Reserve	399,791
Inventories at Cost	1,781
Prepaid Expenses and Deferred Charges	348,050
Due from Restricted Educational and General	19,837
Due from Plant Funds	<u>81,580</u>

Total Educational and General	<u>7,884,204</u>
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Auxiliary Enterprises:

Cash	1,027
Accounts Receivable, Less Allowance of \$10,472 in 2000	187,760
Prepaid Expenses and Deferred Charges	52,311
Inventories at Cost	242,899
Due from Unrestricted Educational and General	<u>118,992</u>

Total Auxiliary Enterprises	<u>602,989</u>
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Total Unrestricted	<u>8,487,193</u>
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Restricted:

Accounts Receivable	292,403
Prepaid Expenses and Deferred Charges	<u>187,913</u>

Total Restricted	<u>480,316</u>
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Total Current Funds	<u><u>\$8,967,509</u></u>
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The notes to the financial statements are an integral part of this statement.

**STARK STATE COLLEGE OF TECHNOLOGY**  
**BALANCE SHEET**  
**JUNE 30, 2000**

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ASSETS

ENDOWMENT AND SIMILAR FUNDS:

Investments \$436,595

Total Endowment and Similar Funds \$436,595

PLANT FUNDS:

Unexpended:

State Appropriations Receivable \$103,588

Investments 37,337

Total Unexpended 140,925

Renewals and Replacements:

Investments 107,691

Total Renewals and Replacements 107,691

Investment in Plant (at cost):

Land 531,105

Improvements, Roads 1,245,162

Buildings 28,703,499

Movable Equipment, Furniture, Films  
and Library Books 9,960,988

Total Investment in Plant 40,440,754

Total Plant Funds \$40,689,370

AGENCY FUNDS:

Accounts Receivable \$26,824

Due from Unrestricted Educational and General 214,028

Total Agency Funds \$240,852

**STARK STATE COLLEGE OF TECHNOLOGY**  
**BALANCE SHEET**  
**JUNE 30, 2000**

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LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

Educational and General:

Accounts Payable	\$232,271
Salaries and Wages Payable	511,077
Accrued Liabilities	494,832
Deferred Income	2,283,559
Insurance Claims Payable	185,334
Accrued Vacation Benefits Payable	76,308
Accrued Sick Benefits Payable	395,870
Early Retirement Payable	1,011,580
Installment Purchase Agreements	33,894
Due to Agency Funds	214,028
Due to Auxiliary Enterprises	118,992
Fund Balances:	
Allocated	543,009
Unallocated	<u>1,783,450</u>

Total Educational and General 7,884,204

Auxiliary Enterprises:

Accounts Payable	30,185
Accrued Liabilities	8,479
Accrued Sick Benefits Payable	6,395
Fund Balances - Unallocated	<u>557,930</u>

Total Auxiliary Enterprises 602,989

Total Unrestricted 8,487,193

Restricted:

Accounts Payable	79,016
Accrued Liabilities	20,722
Due to Unrestricted Educational and General	19,837
Fund Balances	<u>360,741</u>

Total Restricted 480,316

Total Current Funds \$8,967,509

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

**STARK STATE COLLEGE OF TECHNOLOGY**  
**BALANCE SHEET**  
**JUNE 30, 2000**

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LIABILITIES AND FUND BALANCES

ENDOWMENT AND SIMILAR FUNDS:

Fund Balances	
Restricted	\$394,006
Unrestricted	42,589
	<hr/>
Total Endowment and Similar Funds	<u>\$436,595</u>

PLANT FUNDS:

Unexpended:

Accounts Payable	\$26,257
Due to Unrestricted Educational and General	81,580
Fund Balances - Restricted	33,088
	<hr/>
Total Unexpended	<u>140,925</u>

Renewals and Replacements:

Fund Balances - Unrestricted	107,691
	<hr/>
Total Renewals and Replacements	<u>107,691</u>

Investment in Plant (at cost):

Installment Purchase Agreements	308,942
Fund Balances	40,131,812
	<hr/>
Total Investment in Plant	<u>40,440,754</u>
	<hr/>
Total Plant Funds	<u>\$40,689,370</u>

AGENCY FUNDS:

Accounts Payable	\$2,731
Deposits Held in Custody for Others	238,121
	<hr/>
Total Agency Funds	<u>\$240,852</u>

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

	Current Funds		
	Unrestricted		
	Educational and General	Auxiliary Enterprises	Total Unrestricted
<b>REVENUES AND OTHER ADDITIONS:</b>			
Unrestricted Current Fund Revenues	\$19,708,636	\$1,726,632	\$21,435,268
State Appropriations - Restricted	0	0	0
Federal Grants and Contracts - Restricted	0	0	0
State Grants and Contracts - Restricted	0	0	0
Local Grants and Contracts - Restricted	0	0	0
Private Gifts, Grants and Contracts - Restricted	0	0	0
Investment Income - Restricted	0	0	0
Endowment Income - Restricted	0	0	0
Expended for Plant Facilities (including \$452,979 charged to current funds expenditures)	0	0	0
<b>Total Revenues and Other Additions</b>	<b>19,708,636</b>	<b>1,726,632</b>	<b>21,435,268</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Educational and General Expenditures	20,443,380	0	20,443,380
Auxiliary Enterprises Expenditures	0	1,557,151	1,557,151
Indirect Costs Recovered	0	0	0
Refunded to Grantor	0	0	0
Expended for Plant Facilities	0	0	0
Loss on Investment	0	0	0
Disposal and Write-Offs of Plant Facilities	0	0	0
<b>Total Expenditures and Other Deductions</b>	<b>20,443,380</b>	<b>1,557,151</b>	<b>22,000,531</b>
<b>TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):</b>			
Nonmandatory Transfers			
Plant Funds	(22,178)	0	(22,178)
Auxiliary Enterprises	2,000	(2,000)	0
<b>Total Transfers</b>	<b>(20,178)</b>	<b>(2,000)</b>	<b>(22,178)</b>
Net Increase/(Decrease) for the Fiscal Year	(754,922)	167,481	(587,441)
Fund Balance at Beginning of the Fiscal Year	2,538,372	390,449	2,928,821
<b>Fund Balance at End of the Fiscal Year</b>	<b>\$1,783,450</b>	<b>\$557,930</b>	<b>\$2,341,380</b>

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

Educational and General	Restricted		Total Current Funds	Endowment and Similar Funds	Plant Funds		
	Auxiliary Enterprises	Total Restricted			Unexpended	Renewals and Replacements	Investment In Plant
\$0	\$0	\$0	\$21,435,268	\$0	\$0	\$0	\$0
176,007	0	176,007	176,007	0	1,590,174	0	0
2,912,962	10,761	2,923,723	2,923,723	0	0	0	0
955,495	0	955,495	955,495	0	0	0	0
50,539	0	50,539	50,539	0	0	0	0
204,162	0	204,162	204,162	0	75,000	0	500
23	0	23	23	1,500	6,228	0	0
16,989	0	16,989	16,989	0	0	0	0
0	0	0	0	0	0	0	1,484,268
4,316,177	10,761	4,326,938	25,762,206	1,500	1,671,402	0	1,484,768
4,056,746	0	4,056,746	24,500,126	0	0	0	0
0	10,761	10,761	1,567,912	0	0	0	0
40,378	0	40,378	40,378	0	0	0	0
11,289	0	11,289	11,289	0	0	0	0
0	0	0	0	0	1,769,059	0	0
0	0	0	0	0	84	0	0
0	0	0	0	0	0	0	884,343
4,108,413	10,761	4,119,174	26,119,705	0	1,769,143	0	884,343
0	0	0	(22,178)	0	35,575	(13,397)	0
0	0	0	0	0	0	0	0
0	0	0	(22,178)	0	35,575	(13,397)	0
207,764	0	207,764	(379,677)	1,500	(62,166)	(13,397)	600,425
152,977	0	152,977	3,081,798	435,095	95,254	121,088	39,531,387
\$360,741	\$0	\$360,741	\$2,702,121	\$436,595	\$33,088	\$107,691	\$40,131,812

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

	Unrestricted		
	Educational and General	Auxiliary Enterprises	Total Unrestricted
<b>REVENUES:</b>			
Tuition, Fees and Other Student Charges	\$8,265,433	\$0	\$8,265,433
State Appropriations	10,526,034	0	10,526,034
Federal Grants and Contracts	0	0	0
State Grants and Contracts	29,006	0	29,006
Local Grants and Contracts	0	0	0
Private Gifts, Grants and Contracts	434,911	0	434,911
Endowment Income	0	0	0
Sales and Services	12,713	1,719,643	1,732,356
Other Sources	440,539	6,989	447,528
<b>Total Revenues</b>	<b>19,708,636</b>	<b>1,726,632</b>	<b>21,435,268</b>
<b>EXPENDITURES:</b>			
Educational and General:			
Instructional and Departmental Research	10,437,587	0	10,437,587
Separately Budgeted Research	0	0	0
Public Service	1,349,985	0	1,349,985
Academic Support	1,613,017	0	1,613,017
Student Services	1,675,015	0	1,675,015
Institutional Support	3,404,886	0	3,404,886
Operation and Maintenance of Plant	1,794,274	0	1,794,274
Scholarships and Other Student Aid	168,616	0	168,616
<b>Total Educational and General Expenditures</b>	<b>20,443,380</b>	<b>0</b>	<b>20,443,380</b>
Auxiliary Enterprises	0	1,557,151	1,557,151
<b>Total Expenditures</b>	<b>20,443,380</b>	<b>1,557,151</b>	<b>22,000,531</b>
<b>NONMANDATORY TRANSFERS AND OTHER ADDITIONS/(DEDUCTIONS):</b>			
Nonmandatory Transfers:			
Plant Funds	(22,178)	0	(22,178)
Support from Auxiliary Enterprises	2,000	(2,000)	0
Indirect Costs Recovered	0	0	0
Refunded to Grantor	0	0	0
Excess of Restricted Receipts Over Transfers to Revenue	0	0	0
<b>Total Transfers</b>	<b>(20,178)</b>	<b>(2,000)</b>	<b>(22,178)</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>(\$754,922)</b>	<b>\$167,481</b>	<b>(\$587,441)</b>

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

Educational and General	Restricted		Total Current Funds
	Auxiliary Enterprises	Total Restricted	
\$0	\$0	\$0	\$8,265,433
66,349	0	66,349	10,592,383
2,881,119	10,761	2,891,880	2,891,880
839,176	0	839,176	868,182
49,339	0	49,339	49,339
204,434	0	204,434	639,345
16,329	0	16,329	16,329
0	0	0	1,732,356
0	0	0	447,528
<u>4,056,746</u>	<u>10,761</u>	<u>4,067,507</u>	<u>25,502,775</u>
95,974	0	95,974	10,533,561
83,614	0	83,614	83,614
463,507	0	463,507	1,813,492
48,341	0	48,341	1,661,358
133,655	0	133,655	1,808,670
266,424	0	266,424	3,671,310
935	0	935	1,795,209
<u>2,964,296</u>	<u>0</u>	<u>2,964,296</u>	<u>3,132,912</u>
<u>4,056,746</u>	<u>0</u>	<u>4,056,746</u>	<u>24,500,126</u>
<u>0</u>	<u>10,761</u>	<u>10,761</u>	<u>1,567,912</u>
<u>4,056,746</u>	<u>10,761</u>	<u>4,067,507</u>	<u>26,068,038</u>
0	0	0	(22,178)
0	0	0	0
(40,378)	0	(40,378)	(40,378)
(11,289)	0	(11,289)	(11,289)
<u>259,431</u>	<u>0</u>	<u>259,431</u>	<u>259,431</u>
<u>207,764</u>	<u>0</u>	<u>207,764</u>	<u>185,586</u>
<u>\$207,764</u>	<u>\$0</u>	<u>\$207,764</u>	<u>(\$379,677)</u>

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accrual Basis - The financial statements of the Stark State College of Technology (the "College") have been prepared on the accrual basis except that depreciation is not provided on the physical plant and equipment. The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activity of current funds related to the current reporting period. It does not intend to present the result of operations or the net income or loss for the period as would a statement of income or statement of revenues and expenditures.

To the extent that current funds are used to finance plant assets, the amount so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

- B. Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of fund accounting and Governmental Accounting and Financial Reporting Standards. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups described as follows:

Current Funds

This group accounts for all funds which are available for current operations. It is further subdivided into three separately balanced groups: educational and general funds, which are unrestricted and available for general operating purposes; auxiliary enterprise funds, which are available for the operation of enterprises primarily for service to students and staff and which are intended to be self-supporting; and restricted funds, which are available for current operating purposes but only in compliance with restrictions specified by the donors or grantors. Additions to current restricted funds are considered as earned income only to the extent expenditures are made for the restricted purposes specified.

Endowment and Similar Funds

This group accounts for funds whose principal is generally nonexpendable and that are intended to be invested to provide earnings for institutional use. The designated use of these earnings is established by the donor or the College depending upon the type of endowment fund. These funds are traditionally used for student loans, scholarships and departmental support.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant Funds

This group accounts for funds that have been received or appropriated for the purpose of acquiring, constructing or improving the physical property of the College. It is further subdivided into three separately balanced groups: unexpended plant funds, funds for renewals and replacements and investment in plant.

Agency Funds

This group accounts for funds that are received by the College acting in a depository capacity. They are disbursed only on the instructions and on behalf of the person or organization from which they were received.

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

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal is invested and the income only is utilized. Term endowment funds are similar to endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended, while quasi-endowment funds have been established by the governing board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended.

All gains and losses arising from the sale, collection or other disposition of investments or other noncash assets are accounted for in the fund that owned such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

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

- C. Deferred Amounts - In accordance with the State of Ohio policy of recording instructional revenues and expenditures in the fiscal year in which the courses are primarily conducted, the College defers certain revenues and expenditures at June 30 that are applicable to courses conducted during the following summer.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- D. Investments - Except for nonparticipating investment contracts, investments are reported at fair value that is based on quoted market prices. Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

During fiscal year 2000, investments were limited to STAR Ohio, overnight repurchase agreements, mutual funds and donated common stock.

- E. Inventories - Inventory consists principally of merchandise in the College's bookstore that is valued at cost on a first-in, first-out basis.

- F. Investment in Plant - Land and improvements, buildings, equipment and library books are stated at cost or fair market value at the date of gift. Depreciation on physical plant and equipment is not recorded.

- G. Compensated Absences

Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences" specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The College has accrued a liability for these compensated absences using the termination method when the following criterion is met:

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the College's past experience of making termination payments for sick leave.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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.

2. CASH AND INVESTMENTS

A. Policies and Practices

It is the responsibility of the Business and Finance Department to deposit and invest the College's idle funds. The College's practice is to limit investments to United States Treasury notes and bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other United States agencies for which the principal and interest is guaranteed by the United States Government. The College does not enter into reverse repurchase agreements.

The investment and deposit of College monies is governed by the Ohio Revised Code. In accordance with the Ohio Revised Code, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's monies is restricted to certificates of deposit, savings accounts, money market accounts and the State Treasurer's Investment Pool (STAR Ohio), obligations of the United States Government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities. The College may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. These institutions may specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities with the face value of which is at least 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for the public deposits and investments to be maintained in the College's name.

During the fiscal year ended June 30, 2000 the College complied with the provisions of these statutes pertaining to the types of investments held and the institutions in which deposits were made. At June 30, 2000, the College was also in compliance with the provisions of the statutes concerning security requirements. The College will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

2. CASH AND INVESTMENTS (continued)

B. Deposits

At June 30, 2000, the reported amount of the College's deposits, including \$1,827 of petty cash, was \$55,057 while the bank balance was \$184,806. Of the bank balance, \$100,000 was covered by federal depository insurance and \$84,806 was uninsured and uncollateralized as defined by the GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements", because the collateral pledged by the financial institution or their trust departments or agents is not in the College's name. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the College to a successful claim by the FDIC.

C. Investments

The College's investments are categorized below to give an indication of the level of credit risk assumed at fiscal year end. Category 1 includes investments that are insured, registered or for which the securities are held by the College or its agents 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. STAR Ohio is not classified since it is not evidenced by securities that exist in physical or book entry form.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Market Value</u>
Overnight Repurchase Agreements	\$ 0	\$0	\$156,920	\$ 156,920
Donated Common Stock	374	0	0	374
Mutual Funds	<u>362,572</u>	<u>0</u>	<u>0</u>	<u>362,572</u>
Subtotal	<u>\$362,946</u>	<u>\$0</u>	<u>\$156,920</u>	<u>519,866</u>
STAR Ohio				<u>4,486,082</u>
Total Investments				<u>\$5,005,948</u>

The College has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year ended June 30, 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price that is the price the investment could be sold for on June 30, 2000.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

3. STATE SUPPORT

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

In addition to the student subsidies, the State of Ohio provides the funding for and constructs major plant facilities on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission, which in turn causes the construction and subsequent lease of the facility, by the Ohio Board of Regents. Upon completion of the facility, the Board of Regents turns over control to the College. Construction in progress for any portion of the facilities being financed by the state agencies for use by the College is recorded on the College's book of account as costs are incurred.

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.

Outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's Balance Sheet. In addition, the appropriations by the Ohio General Assembly to the Board of Regents for payment of debt services are not shown as appropriation revenue received by the College, and the related debt service payments are not recorded on the College's financial statements.

4. DEFINED BENEFIT PENSION PLANS

Employees and Plans

All employees of the College are eligible to participate in one of two cost-sharing, multiple employer defined benefit pension plans. Academic personnel participate in the State Teachers Retirement System (STRS) and nonacademic personnel participate in the Public Employees Retirement System (PERS).

A. State Teachers Retirement System

The College contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer defined benefit pension plan 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 and may be amended by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

4. DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the College is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The College's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$512,732, \$467,054 and \$773,455, respectively, equal to the required contribution for each fiscal year.

B. Public Employees Retirement System Of Ohio

The College contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are established and may be amended by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or (800)222-7377.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the College is required to contribute 13.31 percent; 9.11% was the portion used to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The College's required contributions for pension obligations to PERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$398,957, \$370,013 and \$356,937, respectively, equal to the required contribution for each year.

5. OTHER POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

1. The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board has discretionary 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.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

5. OTHER POSTEMPLOYMENT BENEFITS (continued)

2. The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.
3. Through June 30, 1997 the Board allocated employer contributions equal to 2% of covered payroll to a Health Care Reserve Fund from which health care benefits are paid. Through June 30, 1998, this allocation was increased to 3.5%. Beginning July 1, 1998, this allocation was increased to 8%. For the College, this amount equaled \$683,564 during fiscal 2000. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999 (the latest information available).
4. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients statewide.

B. Public Employees Retirement System of Ohio

1. Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The fiscal 2000 employer contribution rate for the College was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the fiscal year. The College's actual contributions for fiscal 2000 that were used to fund postemployment benefits were \$183,888.
2. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.
3. OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.
4. Expenditures for OPEB during 1999 (the latest information available) were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible statewide for OPEB at December 31, 1999 was 118,062.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

5. OTHER POSTEMPLOYMENT BENEFITS (continued)

5. During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

6. STATE APPROPRIATIONS RECEIVABLE

State appropriations receivables are subject to budgetary requirements of the State of Ohio, and therefore, may not be fully realized.

7. CONTINGENCIES, CLAIMS AND JUDGEMENTS

A. Federal and State Grants

The College participates in certain state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of the College, no material grant disbursements will be disallowed.

B. Litigation

The College is not a party to any legal proceedings.

8. RISK MANAGEMENT

The College is a member of the Stark County Schools Council of Governments, which was established to provide a partially self-funded health benefits program to its members. The College pays a monthly premium to the Council of Governments for its health care coverage. The health plan is self-sustaining through member premiums and reinsures through an insurance company to pay claims in excess of \$150,000 per individual and \$37,239,850 for the group as a whole.

The College maintains comprehensive insurance coverage with private carriers for all other risks of loss.

STARK STATE COLLEGE OF TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

9. CAPITAL LEASES

Capital lease obligations recorded in the unrestricted educational and general fund and the investment in plant fund relate to computers, copier equipment and automobiles which are leased under long-term agreements which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13 "Accounting for Leases". Such agreements provide for minimum annual rental payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2001	\$ 99,495
2002	93,031
2003	88,670
2004	82,653
2005	<u>14,163</u>
Total	378,012
Less – amount representing interest	<u>35,176</u>
Present value of minimum lease payments	<u>\$342,836</u>

10. PLEDGES

As of June 30, 2000, the College had received the following cash pledges as part of the Advanced Technology Center - Share the Future Campaign. The pledges are designated to purchase equipment in the Advanced Technology Center.

<u>Fiscal Year</u>	<u>Pledged Amount</u>
2000 – 2001	\$75,000

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Stark State College of Technology  
6200 Frank Avenue, NW  
Canton, Ohio 44720-7299

We have audited the financial statements of the Stark State College of Technology, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 10, 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 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 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 operations that we consider to be material weaknesses.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** (continued)

This report is intended solely for the information and use of management, the Board of Trustees 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.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

November 10, 2000

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

Board of Trustees  
Stark State College of Technology  
6200 Frank Avenue, NW  
Canton, Ohio 44720-7299

Compliance

We have audited the compliance of the Stark State College of Technology 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 summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 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 Stark State College of Technology 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.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133** (continued)

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 solely for the information and use of management, the Board of Trustees 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.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

November 10, 2000

**Stark State College of Technology**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<b><u>U.S. Department of Education</u></b>				
Student Financial Assistance Programs Cluster:				
Federal Work-Study Program	84.033	----	\$123,988	\$123,988
Federal Supplemental Educational Opportunity Grants	84.007	----	85,650	85,650
Federal Pell Grant Program	84.063	----	<u>2,020,747</u>	<u>2,020,747</u>
Total Student Financial Assistance Programs Cluster			<u>2,230,385</u>	<u>2,230,385</u>
Higher Education - Institutional Aid (Title III Strengthening Institutions Program)	84.031	----	<u>247,890</u>	<u>247,890</u>
<i>Passed Through Ohio Department of Education:</i>				
Vocational Education - Basic Grants to States (Perkins Basic Grant)	84.048	VECPPI-P2000-508	80,556	80,556
Vocational Education - Basic Grants to States (Promoting Access in Technical Education Grant)	84.048	VESE-PATE99-063420	816	816
Vocational Education - Basic Grants to States (Gender Equity Special Project)	84.048	VESE-SPTECH99-063420	<u>500</u>	<u>500</u>
Total Vocational Education			<u>81,872</u>	<u>81,872</u>
Tech-Prep Education	84.243	VETP-2000-13-A-1	94,286	94,286
Tech-Prep Education	84.243	VETP-2000-13-S	63,228	63,228
Tech-Prep Education (Information Technology Grant)	84.243	VETP-2000-13-IT	76,685	76,685
Tech-Prep Education (Performance/Incentive)	84.243	VETP-2000-13-A-2	6,271	6,271
<i>Passed Through Ohio Department of Education/Passed Through University of Akron:</i>				
Tech-Prep Education	84.243	----	<u>643</u>	<u>643</u>
Total Tech-Prep Education			<u>241,113</u>	<u>241,113</u>
Total U.S. Department of Education			<u>2,801,260</u>	<u>2,801,260</u>
<b><u>National Science Foundation</u></b>				
Education and Human Resources	47.076	----	<u>83,614</u>	<u>83,614</u>
<b><u>U.S. Department of Labor</u></b>				
<i>Passed Through Ohio Department of Education/Passed Through Akron Regional Development Board:</i>				
Employment Services and Job Training - Pilot and Demonstration Programs (School to Work)	17.249	----	<u>7,007</u>	<u>7,007</u>
Total Federal Assistance			<u><u>\$2,891,881</u></u>	<u><u>\$2,891,881</u></u>

**STARK STATE COLLEGE OF TECHNOLOGY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Stark State College of Technology's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

NOTE B - LOAN PROGRAM

Students at the College also participate in the United States Department of Education's Federal Family Education Loan Program, CFDA #84.032. These loans are made by lending institutions directly to qualified students and are not reflected in the revenues and expenditures of the College. The total amount of the loans disbursed under this program for the fiscal year ended June 30, 2000 was \$2,895,262.

**STARK STATE COLLEGE OF TECHNOLOGY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of auditor's report issued on the financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**  
**(CONTINUED)**

(d)(1)(vii)	Major Programs:	Student Financial Assistance Programs Cluster: Federal Work-Study Program, CFDA #84.033; Federal Supplemental Educational Opportunity Grants, CFDA #84.007; Federal Pell Grant Program, CFDA #84.063; Federal Family Education Loan Program, CFDA #84.032
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
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800-282-0370  
Facsimile 614-466-4490

**STARK STATE COLLEGE OF TECHNOLOGY**

**STARK 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 23, 2001**