LORAIN COUNTY COMMUNITY COLLEGE

Financial Condition

As of

June 30, 2000

Together with Auditors' Report

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Lorain County Community College
Elyria, Ohio 44035

We have reviewed the Independent Auditor's Report of the Lorain County Community College, Lorain County, prepared by Kevin L. Penn, 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 Lorain County Community College is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 4, 2000

LORAIN COUNTY COMMUNITY COLLEGE

FINANCIAL CONDITION

TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	3
Balance Sheet - Current Funds	5
Balance Sheet - Plant Funds	6
Balance Sheet - Agency Funds, Loan Funds	7
Statement of Current Fund Revenues, Expenditures and Other Changes in Fund Balance	8
Statement of Changes in Educational and General and Auxiliary Enterprises Fund Balances	9
Statement of Changes in Loan and Plant Fund Balances	10
Notes to the Financial Statements	11
Schedule of Expenditures of Federal Awards	25
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	27
Independent Auditors' Report on Compliance With Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133	29
Schedule of Findings and Questioned Costs	31
Summary Schedule of Prior Audit Findings	36
Corrective Action Plan	42

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Independent Auditor's Report

The Board of Trustees Lorain County Community College
1005 N. Abbe Road
Elyria, Ohio 44035

I have audited the accompanying balance sheet of Lorain County Community College, as of and for the year ended June 30, 2000 and the related statements of changes in fund balances and current funds, revenues, expenditures and other changes for the year ended June 30, 2000. These financial statements are the responsibility of the Lorain County Community College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lorain County Community College, as of June 30, 2000, and the changes in fund balances and current funds, revenues, expenditures and other changes for the year ended June 30, 2000 in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 25, 2000 on my consideration of the Lorain County Community College's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the financial statements of Lorain County Community College, taken as a whole. 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 my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Kevin L. Penn, Inc.

October 25, 2000

LORAIN COUNTY COMMUNITY COLLEGE
Balance Sheet
June 30, 2000

ASSETS			**LIABILITIES AND FUND BALANCE**	
		CURRENT FUNDS		
Unrestricted:			**Unrestricted:**	
Educational and General:			Educational and General:	
Cash and Cash Equivalents				
Cash	$10,625		Accounts Payable	$360,392
Certificate of Deposit	2,000,000		Sales Tax Payable	1,001
Repurchase Agreements	373,985		Accrued Wages and Benefits	2,620,696
	-------------		Deposits Refundable	35,258
		$2,384,610	Deferred Tuition Income	3,283,676
Investments		2,183,876	Other Deferred Income	36,335
Accounts Receivable, (Net of Allowance of $ 614,209)		5,568,867	Fund Balances:	
Due From Renewals and Replacement Plant		515,521	Appropriated for Contingencies	1,721,136
Due From Auxiliary Enterprises		614,610	Appropriated for Encumbrances	105,476
Other Deferred Charges		63,548	Appropriated for Sick Leave	1,402,065
			Appropriated for Unemployment Claims	26,450
			Appropriated for Future Operations	1,638,547
			Unappropriated	100,000
		-------------------------		-----------------------------
Total Educational and General		11,331,032	Total Educational and General	11,331,032
Auxiliary Enterprises:			**Auxiliary Enterprises:**	
Cash and Cash Equivalents			Accounts Payable	9,612
Cash		5,800	Sales Tax Payable	8,248
Accounts Receivable, (Net of			Due to Educational & General Fund	614,610
Allowance of $6,488)		273,291	Accrued Wages and Benefits	10,512
Inventories, lower of cost or market		534,036		
Deferred Charges - Other		22,090	Fund Balances:	
Notes Receivable, (Net of			Appropriated for Encumbrances	49,930
Allowance of $3,593)		166,974	Unappropriated	309,279
		-------------------------		-----------------------------
Total Auxiliary Enterprises		1,002,191	Total Auxiliary Enterprises	1,002,191
Restricted Funds:			**Restricted Funds:**	
Investments		2,948,334	Accounts Payable	393,618
Accounts Receivable - Government		793,405	Accrued Wages and Benefits	6,366
Accounts Receivable - Other		321,043	Deferred Revenues	116,867
			Deposits Refundable	12,630
			Fund Balance:	
			Unappropriated Fund Balance	3,533,301
		-------------------------		-----------------------------
Total Restricted Funds		4,062,782	Total Restricted Funds	4,062,782
		-------------------------		-----------------------------
TOTAL CURRENT FUNDS		16,396,005	TOTAL CURRENT FUNDS	16,396,005
		=============		===============

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE
Balance Sheet
June 30, 2000

PLANT FUNDS

ASSETS		LIABILITIES AND FUND BALANCE	
Unexpended Plant:		**Unexpended Plant:**	
Accounts Receivable – Government	$16,822	Accounts Payable	$105,704
Due from Renewals and Replacements Plant	1,095,405		
Deferred Charges - Other	6,932		
		Fund Balance:	
		Appropriated for Encumbrances	972,469
		Unappropriated	40,986
Total Unexpended Plant	1,119,159	Total Unexpended Plant	1,119,159
Renewals and Replacements:		**Renewals and Replacements:**	
Accounts Receivable – Government	5,177,704	Accounts Payable	1,761,182
Accounts Receivable – Other	2,296,352	Due to Educational and General Funds	515,521
Deferred Charges - Other	12,089	Due to Unexpended Plant	1,095,405
Pledges Receivable	1,194,382	Due to Retirement of Indebtness in Plant	771,055
		Fund Balance:	
		Appropriated for Encumbrances	4,499,984
		Unappropriated	37,380
Total Renewals and Replacements	8,680,527	Total Renewals and Replacements	8,680,527
Retirement of Indebtedness:		**Retirement of Indebtedness:**	
Due from Renewals and Replacements Plant	771,055	Accrued Interest Payable	50,327
		Deferred Tuition Income	93,211
		Fund Balance - Unappropriated	627,517
Total Retirement of Indebtedness	771,055	Total Retirement of Indebtedness	771,055
Investment In Plant:		**Investment In Plant:**	
Land	1,412,730	Tax Anticipation Notes Payable	7,722,771
Improvements Other Than Buildings	15,229,470	Installment Notes Payable	2,083,441
Buildings	62,497,067		
Movable Equipment, Furniture and Library Books	25,458,469	Fund Balance:	
Construction in Progress	4,880,297	Net Investment in Plant	99,671,821
Total Investment In Plant	109,478,033	Total Investment In Plant	109,478,033
TOTAL PLANT FUNDS	$120,048,774	TOTAL PLANT FUNDS	$120,048,774

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE
Balance Sheet
June 30, 2000

LOAN FUND

ASSETS		**LIABILITIES AND FUND BALANCE**	
Cash and Cash Equivalents		Accounts Payable	$ 104
Investments	$21,417	Deposits Payable	600
		Fund Balance:	
Notes Receivable, Net of		National Direct Student Loans	17,810
Allowance of $ 6,092)	27,416	Other	30,319
	-----------		------------
TOTAL LOAN FUNDS	$48,833	TOTAL LOAN FUNDS	$48,833
	======		======

AGENCY FUND

Investments	$26,408	Accounts Payable	$8,895
		Deposits Held in Custody for Others	17,513
	-----------		-----------
TOTAL AGENCY FUNDS	$26,408	TOTAL AGENCY FUNDS	$26,408
	======		======

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Changes in Fund Balance
For the Year Ended June 30, 2000

	Unrestricted Current Funds			Restricted Current Funds		
	Educational and General	Auxiliary Enterprises	Total Unrestricted	Educational and General	Total Restricted	Total (Memo Only)
Revenues and Other Additions:						
Unrestricted Current Fund Revenues	$32,866,354	$3,668,312	$36,534,666	$0	$0	$36,534,666
Seminars and Workshops – Restricted	0	0	0	53,031	53,031	53,031
Federal Grants – Restricted	0	0	0	4,087,882	4,087,882	4,087,882
State Grants – Restricted	0	0	0	4,997,394	4,997,394	4,997,394
Local Appropriations – Restricted	0	0	0	196,586	196,586	196,586
Private Gifts, Grants and Contracts – Restricted	0	0	0	1,093,087	1,093,087	1,093,087
Investment Income	0	0	0	69,335	69,335	69,335
Other Revenues	0	0	0	408,340	408,340	408,340
Total Revenues and Other Additions	32,866,354	3,668,312	36,534,666	10,905,655	10,905,655	47,440,321
Expenditures and Other Deductions:						
Educational and General Expenditures	32,624,512	0	32,624,512	9,678,359	9,678,359	42,302,871
Auxiliary Enterprises	0	3,530,514	3,530,514	0	0	3,530,514
Total Expenditures and Other Deductions	32,624,512	3,530,514	36,155,026	9,678,359	9,678,359	45,833,385
Transfers Additions/(Deductions):						
Nonmandatory						
Current Funds - Intra-Fund Transfers	(27,940)	0	(27,940)	27,940	27,940	0
Plant Funds - Unexpended	147,329	(160,230)	(12,901)	67,140	67,140	54,239
Plant Funds - Renewals and Replacements	(11,146)	0	(11,146)	243,373	243,373	232,227
Plant Funds - Debt Retirement	(310,000)	0	(310,000)	0	0	(310,000)
Prior Year Adjustments	(22,041)	(9,477)	(31,518)	(58,815)	(58,815)	(90,333)
Adjust Health Claims Liability	(42,012)	0	(42,012)	0	0	(42,012)
Appropriated Fund Balances	(26,032)	4,542	(21,490)	0	0	(21,490)
Total Transfers	(291,842)	(165,165)	(457,007)	279,638	279,638	(177,369)
Net Increase/(Decrease) in Fund Balance	(50,000)	(27,367)	(77,367)	1,506,934	1,506,934	1,429,567
Beginning Fund Balance - 7/1/99	150,000	336,646	486,646	2,026,367	2,026,367	2,513,013
Ending Fund Balance - 6/30/00	$100,000	$309,279	$409,279	$3,533,301	$3,533,301	$3,942,580

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE
Statement of Changes in Fund Balance
For the Year Ended June 30, 2000

		Plant Fund				
	Loan Funds	Unexpended	Renewals and Replacements	Investment in Plant	Retirement of Indebtedness	Total Plant (Memo Only)
Revenues and Other Additions:						
State Appropriations and Grants	$0	$553,977	$1,234,278	$16,522	$0	$1,804,777
Local Appropriations	0	1,685,882	870,585	0	2,259,254	4,815,721
Federal Grant	0	0	2,445,009	7,928	0	2,452,937
Investment Income	0	47,158	115,887	0	1,292	164,337
Capital Acquisitions	0	0	0	8,213,648	0	8,213,648
Private Gifts and Donations	26,889	0	1,625,731	45,279	0	1,671,010
Other Revenues	0	252,518	3,600	0	342,339	598,457
Total Revenues and Other Additions	26,889	2,539,535	6,295,090	8,283,377	2,602,885	19,720,887
Expenditures and Other Deductions:						
Expended for Capital Purchases	0	2,311,934	3,179,634	0	0	5,491,568
Expended for Non-capital Purchases	0	385,296	381,633	0	24,632	791,561
Principal Paid of Debt	0	0	0	0	2,533,826	2,533,826
Issuance of Debt	0	0	0	0	0	0
Interest Expense	0	0	0	0	586,378	586,378
Disposal of Assets	0	0	0	684,580	0	684,580
Total Expenditures and Other Deductions	0	2,697,230	3,561,267	684,580	3,144,836	10,087,913
Transfers Additions/(Deductions):						
Nonmandatory - from/(to):						
Prior Year Adjustments	(3,959)	1,126	0	0	12,336	13,462
Support - Current Funds	0	(54,239)	(232,227)	0	310,000	23,534
Appropriated Fund Balances - E & G	0	(99,422)	0	0	0	(99,422)
Appropriated Fund Balances - Plant	0	(726,012)	(4,077,623)	0	0	(4,803,635)
Total Transfers	(3,959)	(878,547)	(4,309,850)	0	322,336	(4,866,061)
Net Increase/(Decrease) in Fund Balance	22,930	(1,036,242)	(1,576,027)	7,598,797	(219,615)	4,766,913
Beginning Fund Balance - 7/1/99	25,199	1,077,228	1,613,407	92,073,024	847,132	95,610,791
Ending Fund Balance - 6/30/00	$48,129	$40,986	$37,380	$99,671,821	$627,517	$100,377,704

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE
Statement of Current Funds - Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 2000

	Unrestricted Current Funds			Restricted Current Funds		
	Educational and General	Auxiliary Enterprises	Total Unrestricted	Educational and General	Total Restricted	Total (Memo Only)
Revenues:						
Tuition, fees and other charges	$10,645,824	$0	$10,645,824	$53,031	$53,031	$10,698,855
State appropriations	13,834,026	0	13,834,026	0	0	13,834,026
Local appropriations	4,203,850	0	4,203,850	194,344	194,344	4,398,194
Federal grants and contracts	0	0	0	4,062,456	4,062,456	4,062,456
State - Challenge Grants	1,686,984	0	1,686,984	0	0	1,686,984
State - Other Grants	11,210	0	11,210	3,795,524	3,795,524	3,806,734
Local government contracts	2,250	0	2,250	2,242	2,242	4,492
Private gifts, grants and contracts	1,087,895	0	1,087,895	1,093,087	1,093,087	2,180,982
Sales and services	653,774	3,668,312	4,322,086	238,887	238,887	4,560,973
Other revenues	740,541	0	740,541	238,788	238,788	979,329
Total Revenues	32,866,354	3,668,312	36,534,666	9,678,359	9,678,359	46,213,025
Expenditures - Educational and General:						
Instructional support	14,461,465	0	14,461,465	39,060	39,060	14,500,525
Academic support	2,361,710	0	2,361,710	31,350	31,350	2,393,060
Student services	3,460,354	0	3,460,354	98,788	98,788	3,559,142
Scholarships and grants	678,687	0	678,687	4,323,408	4,323,408	5,002,095
Plant operations and maintenance	3,203,621	0	3,203,621	0	0	3,203,621
Institutional support	4,457,070	0	4,457,070	225,611	225,611	4,682,681
Public services	4,001,605	0	4,001,605	4,960,142	4,960,142	8,961,747
Total Expenditures - Educ. and Gen.	32,624,512	0	32,624,512	9,678,359	9,678,359	42,302,871
Expenditures - Auxiliary Enterprises	0	3,530,514	3,530,514	0	0	3,530,514
Total Expenditures	32,624,512	3,530,514	36,155,026	9,678,359	9,678,359	45,833,385
Transfers Additions/(Deductions):						
Nonmandatory - from/(to):						
Support - Current Funds	(27,940)	0	(27,940)	27,940	27,940	0
Support - Plant Funds	(173,817)	(160,230)	(334,047)	310,513	310,513	(23,534)
Prior Year Adjustments	(22,041)	(9,477)	(31,518)	(58,815)	(58,815)	(90,333)
Adjust Health Claims Liability	(42,012)	0	(42,012)	0	0	(42,012)
Appropriated Fund Balances	(26,032)	4,542	(21,490)	0	0	(21,490)
Excess/(Deficit) of Restricted Receipts Over Transfer to Revenue	0	0	0	1,227,296	1,227,296	1,227,296
Total Transfers	(291,842)	(165,165)	(457,007)	1,506,934	1,506,934	1,049,927
Net Increase/(Decrease) in Fund Balance	($50,000)	($27,367)	($77,367)	$1,506,934	$1,506,934	$1,429,567

See accompanying notes to financial statements

LORAIN COUNTY COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The significant accounting policies followed by Lorain County Community College (College), are describe below to enhance the usefulness of the financial statements to the reader.

Organization

Lorain County Community College (College), was established on October 20, 1961, and is governed by a board of nine Trustees. The College is exempt from federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income. The College is a primary government with no component units.

Accrual Basis

The financial statements of the College have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred, without regard to the time of receipt or payment. The statement of current fund 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 operation or the net income or loss as would a statement of income or statement or revenues and expenses.

Fund Accounting

Under this accounting method, resources for various purposes are classified into funds in accordance with specific activities or objectives, with separate accounts maintained for each fund. For reporting purposes, funds with similar characteristics are combined into fund groups, and financial transactions are recorded and reported by such fund groups.

With in 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 fund group, and then in the fund 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 noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets.

All accounts are classified into the following groups:

Current Funds
Loan Funds
Plant Funds
Agency Funds

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (continued)

Fund Accounting (continued)

Current Funds are available for current operations and are subdivided as follows:

Unrestricted Educational and General funds are unrestricted and available for general operating purposes.

Auxiliary Enterprise (Bookstore, Cafeteria, and Vending Services) funds are available for the operation of the bookstore, cafeteria, and vending services primarily for students and staff.

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

Loan Funds are available for loans to students. Loans granted are receivables until repaid at which time such monies are then available for new loans.

Plant Funds:

Physical properties are stated at cost. In accordance with the practice generally followed by educational institutions, depreciation is not provided. However, to the extent that current funds are used to finance plant assets, the amounts so provided are accounted for (a) as expenditures of current funds and additions to property and equipment in the plant funds, in the case of moveable equipment, (b) as mandatory transfers in the case of required provisions for debt amortization and interest, and (c) as transfers of a non-mandatory nature in other cases, principally provisions for renewals and replacements.

Unexpended funds include resources derived from various sources to finance the acquisition of long-life assets.

Investment in Plant includes all long-life assets in the service of the College and construction in progress. Physical properties, which include land, buildings, improvements, and equipment are principally stated at cost. In accordance with generally accepted accounting principles for colleges and universities, depreciation is not provided.

Renewals and Replacements include estimating future requirements for major maintenance and renovation of buildings and equipment. The cost of meeting these requirements is provided through regular transfers from current operating funds to funds reserved for renewal and replacement of plant.

Agency Funds include resources held by the College on behalf of others in the capacity as custodian of fiscal agent.

Cash and Cash Equivalents

Cash consists primarily of petty cash, cash held in demand accounts, and certificates of deposit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (continued)

Cash and Cash Equivalents (continued)

Investments are carried at the lower of amortized cost or market, where the decline is considered to be other than temporary.

Investment income is recognized on an accrual basis; interest is recorded when earned.

Inventories

The College's inventories consist principally of books and supplies of the bookstores. Bookstores inventories at year end are stated at the lower of cost or market basis (first-in, first-out).

Gifts and Pledges

Gifts, bequests, grants, and other receipts restricted as to use by outside grantors or agencies are recorded when collected as additions directly in the fund group appropriate to the restricted nature of the receipt. Unrestricted gifts, bequests, and grants are recorded as unrestricted current fund revenues and recorded only when collected. Pledges are recorded as either conditional (restricted) or unconditional (unrestricted) contribution revenues, at the time the written agreement is received.

Income Taxes

The College is exempt from income taxes under Section 115 of the Internal Revenue Service Code, as a political subdivision.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

2. DEPOSITS AND INVESTMENTS

The College's Board of Trustees is responsible for selecting depositories and investing funds. Protection for the College's deposits is provided by the federal deposit insurance corporation, qualified securities pledged in the name of the college and held at the federal reserve, or by a collateral pool created by the financial institution to cover all local governmental deposits. The face value of the pooled collateral must equal at least 110% of the public funds on deposit. At least quarterly the College determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and the Federal Home Loan Bank Board.

At year end, the College has $16,425 in undeposited cash on hand which is included on the balance sheet of the College as part of "Cash". This amount is uninsured and uncollateralized.

2. DEPOSITS AND INVESTMENTS (continued)

At year end, the carrying amount of the College's deposits was $2,000,000 and the bank balance was $3,091,824. On the bank balance:

1. $ 200,000 was covered by federal depository insurance.

2. $2,891,824 was uninsured and collateralized as defined by the Governmental

Accounting Standards Board in that the collateral was pooled rather than held in the College's name.

GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The College's investments are categorized as either (1) insured or registered or for which the securities are held by the College or its agent in the College's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the College's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the College's name.

RISK CATEGORY

	1	2	3	Carrying Amount	Fair Value
Repurchase Agreement	-	-	373,985	373,985	373,985
Certificate of Deposit	-	2,000,000	-	2,000,000	2,000,000
StarOhio	-	-	-	5,180,035	5,180,035
Total	$ -	$2,000,000	$ 373,985	$ 7,554,020	$ 7,554,020

Star Ohio investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

3. INVESTMENT IN PLANT

A summary of investment in plant activity for the year ended June 30, 2000 is as follows:

Description	Balance July 1, 1999	Additions	Plant	Reduction & Deletions	Balance June 30, 2000
Land	$ 1,441,061	$ -	$ -	$(28,331)	$ 1,412,730
Improvements Other than Buildings	14,781,320	640	447,510	-	15,229,470
Buildings	60,422,246	1,927,344	147,477	-	62,497,067
Construction in Progress	2,803,204	-	3,845,669	(1,768,576)	4,880,297
Moveable Equipment, Furniture, Library Books	24,965,231	276,287	1,050,912	(833,961)	25,458,469
Total Plant	$104,413,062	$ 2,204,271	$ 5,491,568	$ (2,630,868)	$109,478,033

4. STATE AND COUNTY SUPPORT

The College is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available.

In addition to the current operating subsidies, the State of Ohio provides a portion of the funding for the construction of major plant facilities on the College campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as building or construction in progress in the accompanying balance sheet. Neither the obligation for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

4. STATE AND COUNTY SUPPORT (continued)

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, the Board of Regents may assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

Countywide support has been demonstrated with the renewal of a tax levy of 1.20 mills. The renewal was approved by the electorate in November of 1992 for a ten year collection period. The new period began January, 1993 and continues through 2002. On November 7, 1995, an additional 1.20 mill levy was approved by the electorate for a ten year period commencing of January 1, 1996.

5. LONG-TERM DEBT

The following is a summary of the College's long-term debt transaction for the fiscal year ended June 30, 2000:

Tax Anticipation Notes

Debt outstanding as of July 1, 1999	$ 9,550,836
Addition of new debt	-
Retirement and repayment	(1,828,065)
Debt outstanding as of June 30, 2000	$ 7,722,771

Presented below is a summary of debt service requirements to maturity by fiscal years:

Year	Total Payment
2000	$ 1,195,000
2001	1,977,828
2002	1,694,943
2003	1,390,000
2004	1,465,000
Total	$ 7,722,771

On December 19, 1996, the Board of Trustees of the College approved the issuance of $10,000,000 of Tax Anticipation Notes. These notes are dated March 1, 1997 and have an interest rate of 4.99%, payable on June 1, and December 1 of each year. The notes issued for the purpose of paying the College's portion of the costs of constructing, furnishing, and equipping the new Classroom/Conferencing Facility building on the College campus.

5. LONG-TERM DEBT (continued)

Installment Notes Payable

In May of 1994, the College entered into an agreement with the IBM Corporation for the purchase of hardware and software. The principle amount outstanding as of June 30, 2000 has interest rates on the hardware from 5.65% to 6.40% and on the software from 5.96% to 6.77%. The installment note maturity date is April 1, 2001.

Debt outstanding as of July 1, 1999	$ 1,114,690
Addition of new debt	-
Retirement and repayment	(571,423)
Debt outstanding as of June 30, 2000	$ 543,267

Presented below is a summary of debt service requirements to maturity by years:

Year	Total Payment
2001	543,267
Total	$ 543,267

Energy Conservation Project

In February of 1999, the College entered into an agreement with Honeywell Inc., for the acquisition of equipment to provide an energy savings retrofit program, in accordance with House Bill #7. The principle amount outstanding as of June 30, 2000 has interest rates of 4.75%. The installment note maturity date is April 30, 2019.

Debt outstanding as of July 1, 1999	$ 1,674,512
Addition of new debt	-
Retirement and repayment	134,338
Debt outstanding as of June 30, 2000	$ 1,540,174

5. LONG-TERM DEBT (continued)

Energy Conservation Project (continued)

Presented below is a summary of debt service requirements to maturity by years:

Year	Total Payment
2000	$ 69,571
2001	144,139
2002	151,067
2003	158,328
2004	165,939
Thereafter	851,130
Total	$ 1,540,174

6. GOVERNMENT LOAN ADVANCES

Fund balances related to the National Direct Student Loan and other federal programs principally represent advances which are ultimately refundable to the federal government. The records of the College indicate the last National Direct Student Loan advances were in fiscal year 1975-76, with loans aggregating $444,978 that have been made to 1,041 students since the establishment of the program at the College. On June 30, 2000, approximately 2.5% of student loans receivable in repayment status were in default ranging from 2 1/2 years to over ten years past due.

7. DEFINED BENEFIT PENSION PLANS

State Teachers Retirement System (STRS)

All employees of the College performing duties that require a certificate issued by the Ohio Department of Education are required to contribute to the State Teachers Retirement System (STRS), a cost-sharing multiple employer public employee retirement system.

STRS is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution, or other agency wholly controlled, managed, and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age sixty, (2) twenty-five years of service credit and attained age 55, or (3) thirty years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money purchase benefit" calculation. Under the "formula benefit" the retirement allowance is based on years of credited service and final average salary, which is the average of the members three highest years' salary. The annual allowance is determined by multiplying final average salary. Under the "money purchase benefit" calculation, a members lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

7. DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System (STRS) (continued)

A member under the age of 60 with five or more years' credited service who becomes disabled is entitled to a disability allowance. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefits of $1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of $1,000 or $2,000 can be purchased.

For the year ended June 30, 2000, the contribution requirements were 9.25% for covered employees and 14% for employers. The College's total payroll for the year ended June 30, 2000 was $22,809,422; the payroll for covered employees was $10,843,936. The contribution requirements for the years ended June 30, 2000, 1999 and 1998 were $1,510,515, $1,390,999 and $1,269,946 from the College and $1,011,084, $924,021 and $898,714 from employees. The required employer contribution rate (14%) is allocated to basic retirement benefits and health care by the STRS Retirement Board.

The "pension benefits obligation," which is the actuarial present value of credited projected benefits, is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess STRS' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and among employers.

The "pension benefits obligation for STRS as of July 1, 1995 (the latest information available) was $38,710 million. Net assets available for benefits as of that date were $31,542 million, excluding reserves of $1,639 million allocated to fund future health care benefits. STRS does not hold any securities in the form of notes, bonds, or other instruments of or loans to any of the entities contributing to STRS. The employer contribution requirement expressed as a percentage of total current year contribution requirements for all employers is .11% at June 30, 2000.

Historical trend information about progress made in accumulating sufficient assets to pay benefits when due is provided in the State Teachers Retirement Systems' Comprehensive Annual Report for the year ended June 30, 1997.

Public Employees Retirement System of Ohio (PERS)

All employees other than certified employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee defined benefit plan. Benefits are calculated on a basis of age, final average salary, and service credit. Members are eligible for retirement at age 60 with a minimum of 5 years of service credit, or at age 55 with a minimum of 25 years of service credit, or at any age with a minimum of 30 years of service credit. The retirement benefit, payable monthly of life, equals 2.1% of the final average salary for each year of credited service up to 30 years. Employees are entitled to 2.5% of their final average salary for each year of service credit over 30 years. Final average salary is the employee's average salary over the highest 3 years of earnings. Pension benefits fully best on reaching 5 years of service credit. Individuals retiring with less than 30 years of service or at less than age 65 receive reduced retirement benefits. PERS provides additional benefits including disability, survivor, health care coverage, early retirement incentive and special retirement options for law enforcement officers. These additional benefits vest at different lengths of service credit. Benefits are established by state statute.

7. DEFINED BENEFIT PENSION PLANS (continued)

Public Employees Retirement System of Ohio (PERS)(continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. Covered employees are required by the System's Retirement Board to contribute 8.5% of their salary to the plan. The employer contribution rate was 13.55% for fiscal year 2000, of which 8.44% was used to fund pension obligations, with the balance being applied towards the health care program for retirants. The College's total payroll for covered employees was $11,208,477. The College's 2000 total contribution was $1,518,727.

The contribution requirement to fund the pension obligation for the year ended June 30, 2000, 1999 and 1998 were $1,898,730, $1,689,137 and $1,523,299 which consisted of $945,982, $841,582 and $759,583 from the College and $952,748, $847,555 and $763,716 from the employees which met the required percentages. The College's 2000 contribution represented .09% of total contributions required of all participating entities.

The pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation for the System as a whole, determined through the latest actuarial valuation performed as of December 31, 1994 was $23,239.4 million. The System's net assets, valued at net amortized cost, available for benefits on that date were $22,888.8 million leaving an unfunded pension benefit obligation of $796 million.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1997. Comprehensive Annual Fiscal Report.

8. POST EMPLOYMENT BENEFITS

State Teachers Retirement System (STRS)

The State Teachers Retirement System of Ohio provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to STRS is set aside for the funding postretirement health care based on authority granted by State statute.

The employer contribution rate was 14% of covered payroll for the years ended June 30, 2000; 2.0% was the portion that was used to fund health care. Benefits are advanced-funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 7.50% for 1995; active employee payroll increases range from 4.5% to 10.5% based on age of employee. Included in these percentages are additional annual pay increases.

8. POST EMPLOYMENT BENEFITS

State Teachers Retirement System (STRS)(continued)

Short-term securities consisting of cash equivalents, repurchase agreements, and corporate and government notes are carried at cost with related discounts or premiums amortized using the effective yield method. Equity securities and investments are carried at amortized cost, using the effective yield method of amortization. Common and preferred stock and venture capital investments are valued at cost, subject to adjustment for market declines judged to be other than temporary. All investments are subject to adjustment for market declines judged to be other than temporary.

The number of eligible benefit recipients was 86,132 for June 30, 1997. The College's actual contribution for 2000 which were used to fund post employment benefits was $215,788. The actual contribution and the actuarially required contribution amount is the same. The Retirement System's net assets available for payment of benefits at June 30, 1996 was $31,542 million. The actuarially accrued liability and the unfunded actuarial accrued liability are not segregated from the total pension benefit obligation. They are incurred in the total obligation explained in Note 7.

The Public Employees Retirement System of Ohio provides post-retirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute.

The employer contribution rate was 13.55% of covered payroll for the year ended June 30, 2000. 4.87% was the portion that was used to fund health care. Benefits are advanced-funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 7.75%; active employee payroll increases of 5.50% for inflation and an increase of between zero and 4.00% based on additional annual pay increases. Health care premiums were assumed to increase 5.50% annually.

Short-term securities consisting of commercial paper, U.S. Treasury obligations are carried at cost. Equity securities and investments in real estate are carried at cost. Fixed income investments are carried at amortized cost, using the effective interest rate method of amortization. All investments are subject to adjustment for market decline judged to be other than temporary. For actuarial valuation purposes, assets are adjusted to reflect 20% of unrealized market appreciation or depreciation on investment assets.

Public Employee Retirement System of Ohio (PERS)

The number of active contribution participants was 369,467. The College's actual contribution for 2000 which were used to fund post employment benefits were $572,712. The actual contribution and the actuarially required contribution amounts are the same. The Retirement System's net assets available for payment of benefits at December 31, 1995 (the latest information available) was $7,226 million. The actuarially accrued liability and the unfunded actuarial accrued liability were $8,597 million and $1,371 million, respectively.

9. Pending Litigation

The College receives significant financial assistance from the U.S. Department of Education. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2000, there was one pending claim against the College. The College has appealed the claim and is vigorously contesting the potential liability. Management believes, that the claim will not be material to the College’s financial position.

10. Compensated Absences

For the 1998 fiscal year, the College has implemented the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the College has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at year end, taking into consideration any limits specified in the College's termination policy.

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

11. Contributions Receivable

Contributions receivable as of June 30, 2000, represents an unrestricted conditional promises to give, pertaining to the naming of a facility. The is to be received by the College for years subsequent to June 30, 2000, and are deemed to be fully collectible by management.

Receivable in less than one year	$ 200,000
Receivable in one to ten years	1,194,382
Total contributions receivable	$ 1,394,382
	=======

The conditional promises to give is reflected at the present value of estimated future cash flows using a discount rate of 6.35%.

12. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lorain County Community College and is presented on the accrued basis of accounting. 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.

13. Leases

The College has entered into various lease agreements, which are considered operating leases. Total rental expense under operating leases during the year ended June 30, 2000 amount to $22,198.

Future minimum lease payments as of June 30, 2000 under all operating leases, are as follows:

Year Ending June 30	Operating Leases
2001	$ 17,619
2002	10,252
Total minimum lease payments	$ 27,871

14. Subsequent Events

On August 24, 2000, the College received a Notice of Voluntary Dismissal, pertaining to the one pending claim against the College.

LORAIN COUNTY COMMUITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Program Award Amount	Federal Expenditures
Direct Programs:				
Department of Education:				
Student Financial Aid -				
Pell Grant	84.063			$2,938,841
College Work Study	84.033			63,868
Total Student Financial Assistance				3,002,709
VO-ED Office of Special Needs	84.048	VECPII-P2000-400	$77,587	77,587
Title III Strengthening Institutions Program	84.031	PO31A50212	$228,822	29,291
Tech Prep Grant	84.243	VETP-2000-16S	$78,111	78,068
	84.243	VETP-2000-16-IT	$85,000	40,185
	84.243	VETP-2000-16-K	$43,322	43,322
Total Tech Prep Grant				161,575
Pass-Through Program From:				
State of Ohio Department of Education:				
Ohio School-To-Work Program	17.249	STW2000FED-00-GAP-2000	$350,000	350,000
Total Department of Education				3,621,162
Pass-through Programs:				
Department of Human Services:				
Lorain County Employment and Training Administration	93.558	98-TANF-LCC-001	$81,399	59,053
	93.558	99-TANF-LCC-001	$18,796	18,708
Pass-through Lorain County Human Services JOBS Program	93.558	JOB Prep. 99-00	$211,013	197,170
Ohio Board of Regents Pass-through Columbus State Community College JOBS Program	93.558	JOB Prep. 99-00	$60,000	53,951
Subtotal				251,121
Total Department of Human Services				328,882
University of Connecticut Health Center	93.596	MAPS Program	$30,497	13,397
Subtotal				13,397

See accompanying notes to financial statements.

LORAIN COUNTY COMMUITY COLLEGE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Program Award Amount	Federal Expenditures
Department of Labor				
Pass-through Job Training				
Partnership Act:				
Summer Youth Program	17.250	97-T-LCC-001	$85,273	71,934
Subtotal				71,934
National Science Foundation - Advance				
Technological Education Grant	47.076	EEC-9732219	$28,648	8,146
	47.076	DUE-9850288	$20,000	16,307
Subtotal				24,453
Lorain County Employment and Training				
Administration	17.255	00-WTP-LCC-001	$74,600	17,387
Subtotal				17,387
Total Department of Labor				113,774
Total Federal Assistance				$4,077,215

Guaranteed Student Loans - Federal CFDA Number 84.032
During the fiscal year ended June 30, 2000, the College processed and offered $2,001,619 of new loans under the Guaranteed Student Loan program.

See accompanying notes to financial statements.

Kevin L. Penn, Inc.

Certified Public Accountant
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Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees Lorain County Community College
1005 N. Abbe Road
Elyria, Ohio 44035

I have audited the financial statements of Lorain County Community College as of and for the year ended June 30, 2000, and have issued my report thereon dated October 25, 2000. I conducted my 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 Lorain County Community College's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2000-5 and 2000-6. I also noted certain immaterial instances of noncompliance that I have reported to management of Lorain County Community College in a separate letter dated October 25, 2000.

Internal Control Over Financial Reporting
In planning and performing my audit, I considered Lorain County Community College's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Lorain County Community College's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1; 2000-2; 2000-3; 2000-4; 2000-5 and 2000-6.

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.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weaknesses.

This report is intended solely for the information and use of the board of trustees, management the Auditor of the State of Ohio, U.S. Department of Education, and applicable 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.

Kevin L. Penn, Inc.

October 25, 2000

Kevin L.
Penn, Inc.

Certified Public Accountant
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Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Trustees Lorain County Community College
1005 N. Abbe Road
Elyria, Ohio 44035

Compliance
I have audited the compliance of Lorain County Community College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Lorain County Community 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 Lorain County Community College's management. My responsibility is to express an opinion on Lorain County Community College's compliance based on my audit.

I conducted my 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 I 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 Lorain County Community College's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Lorain County Community College's compliance with those requirements.

In my opinion, Lorain County Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.
However, the results of my auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2000-5 and 2000-6.

Internal Control Over Compliance
The management of Lorain County Community 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 my audit, I considered Lorain County Community 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.
My 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of trustees, management the Auditor of the State of Ohio, U.S. Department of Education, and applicable 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.

Kevin L. Penn, Inc.

October 25, 2000

LORAIN COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2000

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes
Identification of major programs:	
84.063; 84.032; 84.033 & 17.249	Student Financial Aid (Pell Grant; College Work Study & Guaranteed Student Loans) and School to Work
Dollar threshold used to distinguish between Type A and Type B programs:	$300,000 (Type A)
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

2000-1

Deleted Equipment

Condition:

Two vehicles which were the result of trade-ins, were not recorded on the "Deleted Equipment" report. Therefore, overstating fixed assets as of June 30, 2000.

Criteria:

Equipment disposed of, during the year, should be recorded on the "Deleted Equipment" report.

Effect:

Resulted in an overstatement of equipment as of June 30, 2000.

Cause:

Oversight by management.

Recommendation:

I recommend that equipment, disposed of during the fiscal year, should be recorded on the "Deleted Equipment" report. Performing this procedure, will reduce the risk of overstating fixed assets.

2000-2

Accounts Receivable - Aging

Condition:

The aging of receivables, were not performed on each accounts receivable balance throughout the fiscal year.

Criteria:

Each accounts receivable balance should aged, based on 30; 60; 90 and 120 days.

Effect:

Could resulted in an overstatement of accounts receivable as of June 30, 2000.

Cause:

Oversight by management.

2000-2

Accounts Receivable - Aging (continued)

Recommendation:

I recommend the aging of each accounts receivable balances throughout the fiscal year. By performing this procedure, the risk of overstating accounts receivable will be significantly reduced.

2000-3

Fixed Assets Inspection

Condition:

It was noted, during the inspection of fixed asset additions, the inventory listing did not reflect the proper location of capitalized purchases.

Criteria:

The inventory listing should reflect the proper location for each capitalized purchase.

Effect:

Could result in an overstatement of fixed assets if property is disposed of, or stolen.

Cause:

Oversight by management.

Recommendation:

I recommend that the inventory listing be updated (assign one individual to account for fixed assets in each office), in order to properly take a physical inventory at year end and therefore, reduce the risk of overstating capitalized purchases.

2000-4

Fixed Asset Inventory

Condition:

Fixed assets purchased during the 2000 fiscal year, was not always assigned a fixed asset tag.

Criteria:

Fixed assets purchased by the College, should be tagged and recorded on the inventory ledger.

2000-4

Fixed Asset Inventory (continued)

Effect:

Could result in system of internal controls being deemed inadequate, due to the lack of proper safeguarding of fixed assets.

Cause:

Staffing was not adequate to complete the task of tagging every fixed asset purchased, during the 2000 fiscal year.

Recommendation:

I recommend that each fixed asset be tagged, prior to being placed into service. In addition, each fixed asset should be recorded in the inventory ledger and reconciled, on an annual basis. Performing these procedure, will reduce the risk of improper safeguarding of fixed assets.

Section III - Federal Award Findings and Questioned Costs

2000-5

School to Work Grant - Required Information (CFDA # 17.249)

Condition:

The subrecipient was not provided with the CFDA title and number, relating the federal program. In addition, the total funding awarded, was not allocated between state and federal.

Criteria:

The CFDA title and number, and the amount of federal funding awarded, should be provided to the subrecipient.

Effect:

Could result in noncompliance, relating to federal funding provided to the subrecipient, in addition, federal fund maybe omitted from the Schedule of Expenditures of Federal Awards, or overstated, due to the inclusion of state funds.

Cause:

Oversight by management.

2000-5

School to Work Grant - Required Information (CFDA # 17.249) (continued)

Recommendation:

I recommend that the College, upon providing the initial contract, provide the each subrecipient with the CFDA title and number, and the amount of federal funding to be awarded.

By performing this procedure, the risk of noncompliance the overstatement of federal expenditures, by the subrecipient will be significantly reduced.

2000-6

School to Work Grant - Expenditures (CFDA # 17.249)

Condition:

Total expenditures to date, reported on the "School to Work Federal Grant Cash Request" report, did not reflect the actual expenditures.

Criteria:

Total expenditures to date, should reflect the actual expenditures for the period reported.

Effect:

Resulted in incorrect quarterly "School to Work Federal Grant Cash Request" reports, being filed.

Cause:

Oversight by management.

Recommendation:

I recommend that the quarterly "School to Work Federal Grant Cash Request" report, reflect actual expenditures. By performing this procedure, the risk of submitting inaccurate financial information will be significantly reduced.

99-1

Bank Reconciliation

Condition:

The business checking account reconciliation, did not agree to the general ledger trial balance.

Recommendation:

I recommend that the bank statement be reconciled on a monthly basis, and compared to the general ledger trial balance. Differences noted, should be investigated immediately. Performing this procedure will reduce the risk that the cash balance would be misstated on the financial statements.

Current Status:

The finding has been corrected, and does not warrant further action.

99-2

Ticket Master System - Stocker Center

Condition:

If the ticket master computer system crashes, there is no back-up system, therefore, supporting documentation for cash transactions would not exist.

Recommendation:

I recommend that computer back-up system be implemented, in order to prevent potential irregularities, relating to cash transactions.

Current Status:

The finding has been corrected, and does not warrant further action.

99-3

Fixed Assets Inspection

Condition:

During the tour of the facility, it was noted that several items, could not be located.

99-3

Fixed Assets Inspection

Condition: (continued)

Current Status:

The finding has been repeated in the 2000 audit.

99-4

Fixed Asset Inventory

Condition:

Fixed assets purchased during the 2000 fiscal year, was not always assigned a fixed asset tag.

Recommendation:

I recommend that each fixed asset be tagged, prior to being placed into service. In addition, each fixed asset should be recorded in the inventory ledger and reconciled, on an annual basis. Performing these procedure, will reduce the risk of improper safeguarding of fixed assets.

Current Status:

The finding has been repeated in the 2000 audit.

99-5

Adjunct Faculty Contract

Condition:

An employee was compensated twice for the same contract.

Recommendation:

I recommend that the payroll register, be reviewed for duplicate payment each pay period. Performing this procedure, will reduce the risk of an employee being compensated twice for the same contract.

Current Status:

The finding has been corrected, and does not warrant further action.

99-6

CMDS Computer System (CFDA # 84.063; 84.032 & 84.033)

Condition:

The conversion to the new computer system has not been fully implemented. Currently information is not being accurately processed; see the following examples:

1. Class enrollment totals were in error.

2. Open/Close/Cancelled status not automatically updated when the last seat is occupied.

3. The computer system was reporting double charges for the spring semester students.

4. The beginning balance, relating to the payment plan does not automatically increase the plan beginning balance.

5. Programs showing the charges for students, does not consistently have matching information for the same student.

6. Receipting statements from non-student entities cannot be used. There is no clear identification to permit matching payment with related charges.

7. Subsidiary balances for several miscellaneous accounts have not been converted; however, the general ledger trial balance, shows a converted balance.

8. An approval track has not been set up, for users assigned a user identification number for creating requisitions.

9. Fee amounts for non-credit courses cannot exceed $999.99, since the field is only 5 characters and 2 of the characters are for the cents.

10. Month close selection edit is showing several old transactions from the last fiscal year.

11. Total payment amount made by the students are being corrupted without any additional entries made for the student or regeneration of charges.

12. Programs showing the charges for students, do not consistently have matching information for the same student.

13. Several accounts receivable balances were incorrect, resulting from the new computer system generating corrupt data.

14. Subsidiary balances for a number of miscellaneous accounts were not converted.

15. The accounts receivable subsidiary ledger and the general ledger receivable ledger is out of balance.

99-6

CMDS Computer System (CFDA # 84.063; 84.032 & 84.033)

Condition: (continued)

Recommendation:

In order to improve the system of internal controls, I recommend that all issues and problems relating the CMDS computer system be resolved immediately and that there is a proper understanding of the computer software, by the appropriate personnel, responsible for tracking the necessary data to present accurate financial information. In addition, I recommend that reconciliation's be performed on each account and differences be investigated, prior to the closing of the books at year end. By performing these procedures, the risk that the system of internal controls will be deemed inadequate and the risk that the financial statements will be misstated will be significantly reduced.

Current Status:

The finding has been corrected and does not warrant further action.

99-7

Cash Management - PELL Funds (CFDA # 84.063)

Condition:

The College requested more funds than was reported to operate the PELL program.

Recommendation:

I recommend that College request only actual PELL expenditures. Performing this procedure will reduce the risk of incurring questioned costs.

Current Status:

The finding has been corrected, and does not warrant further action.

99-8

Federal Work Study - Student Award (CFDA # 84.033)

Condition:

During the testing of Federal Work Study, it was noted that several student's exceeded their Federal Work Study award.

99-8

Federal Work Study - Student Award (CFDA # 84.033) (continued)

Recommendation:

I recommend that awards for Federal Work Study students, be monitored each pay period. Performing this procedure will reduce the risk of student's exceeding their awarded amount.

Current Status:

The finding has been corrected, and does not warrant further action.

99-9

Federal Grant Coordinator (CFDA # 84.063; 84.032; 84.033; 84.048; 84.031; 84.243; 93.558; 93.561; 17.250 & 47.076)

Condition:

I noted that no single Lorain County Community College official is responsible for the overall coordination of the College federal grants. As a result, I encountered some difficulty in ascertaining whether all federal expenditures were accurately reflected on the Schedule of Expenditures of Federal Awards.

Recommendation:

I recommend that the College consider making one employee responsible for monitoring all federal grant activities. Among this individual's responsibilities would be the following:

1. Procedures to monitor compliance with --
   - o Financial reporting requirements
   - o Use of funds and other conditions in accordance with grant terms
   - o Timely billing of amounts due under grants
   - o Cash management (PELL; Federal Work Study)

2. Accounting for grant activity so that it can be separated from the accounting for locally funded activities.

3. System for obtaining grantor approval before incurring expenditures in excess of budgeted amounts or for unbudgeted expenditures.

4. Processing grant revenues and disbursements under the same degree of controls applicable to the College's other transactions (budget, procurement, etc.)

5. Reasonable procedures and controls to provide assurances of compliance with recipient eligibility requirements established by the grants.

6. To properly complete the "Data Collection Form"

99-9

Federal Grant Coordinator (CFDA # 84.063; 84.032; 84.033; 84.048; 84.031; 84.243; 93.558; 93.561; 17.250 & 47.076) (continued)

Current Status:
The finding has been corrected, and does not warrant further action.

Lorain County Community College
1005 Abbe Road North
Elyria, Ohio 44035-1691

CORRECTIVE ACTION PLAN

June 30, 2000

Oversight Agency for Audit: Department of Education

Lorain County Community College, respectfully submits the following corrective action plan for the year ended June 30, 2000.

Name and address of independent public accounting firm: Kevin L. Penn, Inc. 13212 Shaker Square, Suite 100, Cleveland, Ohio 44120.

Audit Period: June 30, 2000.

The findings from the June 30, 2000 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

Deleted Equipment

Recommendation:

I recommend that equipment, disposed of during the fiscal year, should be recorded on the "Deleted Equipment" report. Performing this procedure, will reduce the risk of overstating fixed assets.

Auditee’s Response:

The college will ensure that all trade-ins are written off the general ledger. Better communication between the purchasing department and the accountant who records the write off of trade-ins is already in place. Since trade-ins do not occur frequently, proper accounting of the occurrence should not pose a problem.

2000-2

Accounts Receivable - Aging

Recommendation:

I recommend the aging of each accounts receivable balances throughout the fiscal year. By performing this procedure, the risk of overstating accounts receivable will be significantly reduced.

Accounts Receivable – Aging (continued)

Auditee's Response:

Receivables will be aged and allowance for doubtful accounts will be based on prior history of the College. The aging of all receivable will be performed on a periodic basis.

2000-3

Fixed Assets Inspection

Recommendation:

I recommend that the inventory listing be updated (assign one individual to account for fixed assets in each office), in order to properly take a physical inventory at year end and therefore, reduce the risk of overstating capitalized purchases.

Auditee's Response:

A person in the Purchasing Department will be responsible for inspecting fixed assets. Also, this person will be responsible for coordinating and verifying periodic physical inventories.

2000-4

Fixed Asset Inventory

Recommendation:

I recommend that each fixed asset be tagged, prior to being placed into service. In addition, each fixed asset should be recorded in the inventory ledger and reconciled, on an annual basis. Performing these procedure, will reduce the risk of improper safeguarding of fixed assets.

Auditee's Response:

A person in the Purchasing Department will responsible properly assigning inventory tags. Additionally, this person will be responsible for assuring that inventory items are properly recorded on the general ledger.

2000-5

School to Work Grant - Required Information (CFDA # 17.249)

Recommendation:

I recommend that the College, upon providing the initial contract, provide the each subrecipient with the CFDA title and number, and the amount of federal funding to be awarded.

By performing this procedure, the risk of noncompliance the overstatement of federal expenditures, by the subrecipient will be significantly reduced.

School to Work Grant - Required Information (CFDA # 17.249) (continued)

Auditee's Response:

All required information was provided to the grantees prior to their submission of final reports. In the future, the College will make sure that sub-recipients are notified as to their federal portion of the grant award.

The required information for Federal grants will be communicated to the sub-recipients earlier than in the past. The College will include this with the signed grant agreement.

2000-6

School to Work Grant - Expenditures (CFDA # 17.249)

Recommendation:

I recommend that the quarterly "School to Work Federal Grant Cash Request" report, reflect actual expenditures. By performing this procedure, the risk of submitting inaccurate financial information will be significantly reduced.

Auditee's Response:

School to work expenditures was reported on the basis of encumbered committed funds. All future Federal grant reports will include only actual cash disbursements.

If the Department of Education, has questions regarding this plan, please call Georgio S. Efpraxias, CPA, CGFM, Controller at (440) 365-5222, Ext. 7590.

Sincerely yours,

Joseph A. Sarnovsky

Joseph A. Sarnovsky, Vice President Administrative Services
Lorain County Community College

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

LORAIN COUNTY COMMUNITY COLLEGE

LORAIN 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
DECEMBER 14, 2000