

CUYAHOGA COMMUNITY COLLEGE

*Single Audit Report
for the Year Ended
June 30, 2000*



STATE OF OHIO
OFFICE OF THE AUDITOR

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We have reviewed the Independent Auditor's Report of the Cuyahoga Community College, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Community College is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 3, 2001

CUYAHOGA COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cuyahoga Community College

We have audited the accompanying balance sheets of Cuyahoga Community College (the "College") as of June 30, 2000 and 1999, and the related statements of changes in fund balances, and statements of current fund revenues, expenditures and other changes for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 College at June 30, 2000 and 1999, and the changes in fund balances and the current fund revenues, expenditures, and other changes for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended June 30, 2000 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 basic financial statements. This supplemental schedule is the responsibility of the management of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2000 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2000 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 6, 2000

CUYAHOGA COMMUNITY COLLEGE

BALANCE SHEETS

JUNE 30, 2000 AND 1999

ASSETS	2000	1999
CURRENT FUNDS:		
Unrestricted:		
Cash and cash equivalents	\$ 1,699,307	\$ 10,275,371
Investments	75,536,633	57,269,523
Accounts receivable, less allowance for doubtful receivables of \$1,730,259 and \$1,721,070 in 2000 and 1999, respectively	6,334,614	5,290,228
Interest receivable	759,583	747,866
Inventories	1,759,189	1,646,921
Prepaid expenses	1,052,212	1,194,581
Due from other funds		<u>582</u>
Total unrestricted	<u>87,141,538</u>	<u>76,425,072</u>
Restricted:		
Cash and cash equivalents	980,425	1,976,136
Accounts receivable, less allowance for doubtful receivables of \$365,294 and \$7,912 in 2000 and 1999, respectively	4,592,092	3,671,381
Prepaid expenses	5,365	749
Due from other funds	<u>357,382</u>	
Total restricted	<u>5,935,264</u>	<u>5,648,266</u>
TOTAL CURRENT FUNDS	<u>\$ 93,076,802</u>	<u>\$ 82,073,338</u>
LOAN FUNDS:		
Cash and cash equivalents	\$ 57,262	\$ 63,415
Notes receivable, less allowance for doubtful receivables of \$538,313 and \$434,800 in 2000 and 1999, respectively	<u>415,777</u>	<u>598,001</u>
TOTAL LOAN FUNDS	<u>\$ 473,039</u>	<u>\$ 661,416</u>
PLANT FUNDS:		
Unexpended:		
Cash and cash equivalents	\$ 4,727,626	\$ 4,939,904
State appropriations receivable	1,542,253	397,160
Due from other funds	<u>806</u>	
Total unexpended	<u>6,270,685</u>	<u>5,337,064</u>
Renewals and replacements - cash and cash equivalents	<u>214,619</u>	<u>214,619</u>
Investment in plant:		
Land	5,437,138	4,536,424
Buildings	156,563,245	137,974,039
Improvements other than buildings	27,375,894	26,818,605
Movable equipment, furniture and library books	58,334,543	63,973,323
Construction in progress	<u>9,336,365</u>	<u>25,911,546</u>
Total investment in plant	<u>257,047,185</u>	<u>259,213,937</u>
TOTAL PLANT FUNDS	<u>\$263,532,489</u>	<u>\$264,765,620</u>
AGENCY FUNDS:		
Cash	\$ 100,370	\$ 127,731
Accounts receivable, less allowance for doubtful receivables of \$9,576 in 2000 and 1999	69,919	4,564
Inventories	<u>10,020</u>	<u>10,020</u>
TOTAL AGENCY FUNDS	<u>\$ 180,309</u>	<u>\$ 142,315</u>

(Continued)

CUYAHOGA COMMUNITY COLLEGE

BALANCE SHEETS JUNE 30, 2000 AND 1999

LIABILITIES AND FUND BALANCES	2000	1999
CURRENT FUNDS:		
Unrestricted:		
Accounts payable	\$ 6,607,424	\$ 4,795,889
Accrued liabilities	10,209,806	9,132,155
Deferred revenue	6,212,985	5,863,053
Other liabilities	3,623,724	3,680,446
Due to other funds	<u>357,382</u>	<u> </u>
	<u>27,011,321</u>	<u>23,471,543</u>
Fund balances:		
Allocated	59,451,572	52,274,884
Unallocated	<u>678,645</u>	<u>678,645</u>
Total fund balances	<u>60,130,217</u>	<u>52,953,529</u>
Total unrestricted	<u>87,141,538</u>	<u>76,425,072</u>
Restricted:		
Accounts payable	227,256	405,098
Accrued liabilities	280,728	183,590
Deferred revenue	1,511,887	
Other liabilities		7,913
Fund balances	<u>3,915,393</u>	<u>5,051,665</u>
Total restricted	<u>5,935,264</u>	<u>5,648,266</u>
TOTAL CURRENT FUNDS	<u><u>\$ 93,076,802</u></u>	<u><u>\$ 82,073,338</u></u>
LOAN FUNDS:		
Fund balances:		
U.S. government grants refundable	\$ 442,982	\$ 631,359
College funds - restricted	<u>30,057</u>	<u>30,057</u>
TOTAL LOAN FUNDS	<u><u>\$ 473,039</u></u>	<u><u>\$ 661,416</u></u>
PLANT FUNDS:		
Unexpended:		
Accounts payable	\$ 193,856	\$ 202,039
Deferred state appropriations	197,000	197,000
Other liabilities	677	
Fund balance	<u>5,879,152</u>	<u>4,938,025</u>
Total unexpended	6,270,685	5,337,064
Renewals and replacements - fund balance	214,619	214,619
Investment in plant - fund balance	<u>257,047,185</u>	<u>259,213,937</u>
TOTAL PLANT FUNDS	<u><u>\$ 263,532,489</u></u>	<u><u>\$ 264,765,620</u></u>
AGENCY FUNDS:		
Accounts payable	\$ 58,081	\$ 1,500
Due to other funds	806	582
Deposits held in custody for others	<u>121,422</u>	<u>140,233</u>
TOTAL AGENCY FUNDS	<u><u>\$ 180,309</u></u>	<u><u>\$ 142,315</u></u>

See notes to financial statements.

(Concluded)

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2000

	Current Funds		Loan Funds	Plant Funds		
	Unrestricted	Restricted		Unexpended	Renewals and Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenues	\$ 136,493,577					
Restricted:						
State appropriations		\$ 393,878				
Federal grants and contracts		23,993,607	\$ 18,274			
State grants and contracts		3,263,622		\$ 3,106,563		
Local grants and contracts		10,297				
Private gifts, grants, and contracts		1,048,499				
Interest on loans receivable			17,060			
Donation of equipment						\$ 21,500
Expended for plant facilities (including \$5,456,650 charged to current funds expenditures)						8,096,839
Interest earned on proceeds from sale				15,522		
Total revenues and other additions	<u>136,493,577</u>	<u>28,709,903</u>	<u>35,334</u>	<u>3,122,085</u>		<u>8,118,339</u>
EXPENDITURES AND OTHER DEDUCTIONS:						
Educational and general expenditures	120,778,257	29,383,302				
Auxiliary enterprise expenditures	7,251,509	1,438				
Loan cancellations and write-offs			133,935			
Refunded to grantors		26,118	33,335			
Administrative and collection costs			52,495			
Expended for plant facilities (including non-capitalized expenditures of \$831,839)				3,472,028		
Disposals and write-offs of plant facilities						10,285,091
Indirect costs recovered		435,317				
Total expenditures and other deductions	<u>128,029,766</u>	<u>29,846,175</u>	<u>219,765</u>	<u>3,472,028</u>		<u>10,285,091</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):						
Mandatory - Loan fund matching grant	3,946		(3,946)			
Nonmandatory - capital improvements	(1,291,069)			1,291,070		
Total transfers	<u>(1,287,123)</u>		<u>(3,946)</u>	<u>1,291,070</u>		
NET INCREASE (DECREASE) IN FUND BALANCES	7,176,688	(1,136,272)	(188,377)	941,127		(2,166,752)
FUND BALANCE, BEGINNING OF YEAR	<u>52,953,529</u>	<u>5,051,665</u>	<u>661,416</u>	<u>4,938,025</u>	<u>\$ 214,619</u>	<u>259,213,937</u>
FUND BALANCE, END OF YEAR	<u>\$ 60,130,217</u>	<u>\$ 3,915,393</u>	<u>\$ 473,039</u>	<u>\$ 5,879,152</u>	<u>\$ 214,619</u>	<u>\$ 257,047,185</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 1999

	Current Funds		Loan Funds	Plant Funds		
	Unrestricted	Restricted		Unexpended	Renewals and Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenues	\$ 128,106,112					
Restricted:						
State appropriations		\$ 69,599				
Federal grants and contracts		20,993,087				
State grants and contracts		8,135,333		\$ 1,969,105		
Local grants and contracts		73,930				
Private gifts, grants, and contracts		1,419,658	\$ 10,000			
Interest on loans receivable			18,993			
Donation of equipment						\$ 108,638
Expended for plant facilities (including \$6,365,861 charged to current funds expenditures)						25,074,656
Interest earned on proceeds from sale				14,746		
Total revenues and other additions	<u>128,106,112</u>	<u>30,691,607</u>	<u>28,993</u>	<u>1,983,851</u>		<u>25,183,294</u>
EXPENDITURES AND OTHER DEDUCTIONS:						
Educational and general expenditures	112,146,984	26,519,741				
Auxiliary enterprise expenditures	6,663,161	34,451				
Loan cancellations and write-offs			20,624			
Refunded to grantors		15,060	590			
Administrative and collection costs			50,300			
Expended for plant facilities (including non-capitalized expenditures of \$93,589)				18,802,384		
Disposals and write-offs of plant facilities						5,667,886
Indirect costs recovered		397,528				
Total expenditures and other deductions	<u>118,810,145</u>	<u>26,966,780</u>	<u>71,514</u>	<u>18,802,384</u>		<u>5,667,886</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):						
Mandatory - Loan fund matching grant	277		(277)			
Nonmandatory - capital improvements	646,844			(696,359)	\$ 49,515	
Total transfers	<u>647,121</u>		<u>(277)</u>	<u>(696,359)</u>	<u>49,515</u>	
NET INCREASE (DECREASE) IN FUND BALANCES	9,943,088	3,724,827	(42,798)	(17,514,892)	49,515	19,515,408
FUND BALANCE, BEGINNING OF YEAR	<u>43,010,441</u>	<u>1,326,838</u>	<u>704,214</u>	<u>22,452,917</u>	<u>165,104</u>	<u>239,698,529</u>
FUND BALANCE, END OF YEAR	<u>\$ 52,953,529</u>	<u>\$ 5,051,665</u>	<u>\$ 661,416</u>	<u>\$ 4,938,025</u>	<u>\$ 214,619</u>	<u>\$ 259,213,937</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEAR ENDED JUNE 30, 2000

	Unrestricted	Restricted	Total
REVENUES:			
Educational and general:			
Tuition, fees, and other student charges	\$ 26,314,855		\$ 26,314,855
State appropriations	42,969,834	\$ 275,644	43,245,478
Local appropriations	49,124,023		49,124,023
Federal grants and contracts	609,045	23,534,706	24,143,751
State grants and contracts	52,857	4,431,040	4,483,897
Local grants and contracts	217,077	10,403	227,480
Private gifts, grants and contracts	275,898	1,131,509	1,407,407
Sales and services	5,223,489		5,223,489
Investment income	4,086,670		4,086,670
Other sources	<u>267,250</u>		<u>267,250</u>
Total educational and general	129,140,998	29,383,302	158,524,300
Auxiliary enterprises	<u>7,352,579</u>	<u>1,438</u>	<u>7,354,017</u>
Total revenues	<u>136,493,577</u>	<u>29,384,740</u>	<u>165,878,317</u>
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction and departmental research	44,546,089	443,696	44,989,785
Public service	8,787,392	6,745,342	15,532,734
Academic support	14,411,266	1,221,049	15,632,315
Student services	13,837,596	441,124	14,278,720
Institutional support	23,495,534	488,998	23,984,532
Operation and maintenance of plant	15,348,113	219,315	15,567,428
Scholarships	<u>352,267</u>	<u>19,823,778</u>	<u>20,176,045</u>
Total educational and general	120,778,257	29,383,302	150,161,559
Mandatory transfers - Loan funds matching grant	(3,946)		(3,946)
Auxiliary enterprises	<u>7,251,509</u>	<u>1,438</u>	<u>7,252,947</u>
Total expenditures and mandatory transfers	<u>128,025,820</u>	<u>29,384,740</u>	<u>157,410,560</u>
OTHER TRANSFERS AND DEDUCTIONS:			
Capital improvements	(1,291,069)		(1,291,069)
Refunded to grantors		(26,118)	(26,118)
Indirect costs recovered		(435,317)	(435,317)
Deficiency of restricted receipts over transfers to revenues		<u>(674,837)</u>	<u>(674,837)</u>
Total other transfers and deductions	<u>(1,291,069)</u>	<u>(1,136,272)</u>	<u>(2,427,341)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 7,176,688</u>	<u>\$ (1,136,272)</u>	<u>\$ 6,040,416</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEAR ENDED JUNE 30, 1999

	Unrestricted	Restricted	Total
REVENUES:			
Educational and general:			
Tuition, fees, and other student charges	\$ 23,820,760		\$ 23,820,760
State appropriations	40,340,319	\$ 61,243	40,401,562
Local appropriations	48,150,373		48,150,373
Federal grants and contracts	486,567	20,019,327	20,505,894
State grants and contracts	24,826	5,205,811	5,230,637
Local grants and contracts	1,254	228,958	230,212
Private gifts, grants and contracts	145,136	1,004,402	1,149,538
Sales and services	4,379,651		4,379,651
Investment income	3,763,956		3,763,956
Other sources	339,896		339,896
Total educational and general	<u>121,452,738</u>	<u>26,519,741</u>	<u>147,972,479</u>
Auxiliary enterprises	<u>6,653,374</u>	<u>34,451</u>	<u>6,687,825</u>
Total revenues	<u>128,106,112</u>	<u>26,554,192</u>	<u>154,660,304</u>
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction and departmental research	42,223,800	884,292	43,108,092
Public service	6,868,270	5,679,885	12,548,155
Academic support	13,704,100	880,211	14,584,311
Student services	12,895,281	493,042	13,388,323
Institutional support	21,932,266	293,114	22,225,380
Operation and maintenance of plant	14,158,205	192,162	14,350,367
Scholarships	365,062	18,097,035	18,462,097
Total educational and general	<u>112,146,984</u>	<u>26,519,741</u>	<u>138,666,725</u>
Mandatory transfers - Loan funds matching grant	(277)		(277)
Auxiliary enterprises	<u>6,663,161</u>	<u>34,451</u>	<u>6,697,612</u>
Total expenditures and mandatory transfers	<u>118,809,868</u>	<u>26,554,192</u>	<u>145,364,060</u>
OTHER TRANSFERS AND DEDUCTIONS:			
Capital improvements	857,991		857,991
Current allocated fund balance, net	(191,000)		(191,000)
Renewals and replacements	(20,147)		(20,147)
Refunded to grantors		(15,060)	(15,060)
Indirect costs recovered		(397,528)	(397,528)
Excess of restricted receipts over transfers to revenues		<u>4,137,415</u>	<u>4,137,415</u>
Total other transfers and deductions	<u>646,844</u>	<u>3,724,827</u>	<u>4,371,671</u>
NET INCREASE IN FUND BALANCES	<u>\$ 9,943,088</u>	<u>\$ 3,724,827</u>	<u>\$ 13,667,915</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements of Cuyahoga Community College (the "College") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental colleges as prescribed by the American Institute of Certified Public Accountants "College Guide Model".

In accordance with Governmental Accounting Standards Board Statement ("GASB Statement") No. 14, *The Financial Reporting Entity*, the College is a primary government with no component units. In addition, the Cuyahoga Community College Foundation (the "Foundation"), which is a legally separate, not-for-profit organization incorporated and operated exclusively for the benefit of the College (see Note 13), is not included in the accompanying financial statements.

The financial statements of the College have been prepared on the accrual basis in accordance with generally accepted principles of fund accounting for educational institutions. The statements of current fund revenues, expenditures and other changes are statements of financial activities of the current funds related to the periods presented and do not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

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

Fund Accounting - The accounts of the College are maintained in accordance with the principles of "fund accounting." Under this accounting method, 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 group.

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 Board of Trustees. Externally restricted funds may only be utilized in accordance with the purpose established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use in achieving any of its institutional purposes.

Description of Funds - Generally, unrestricted and internally designated funds are accounted for initially in the unrestricted current fund group. Restricted revenues are accounted for in the appropriate restricted fund and are reported as revenues when utilized for current operating purposes.

Loan funds consist of loans made to students and resources available for such purposes.

Funds held by the College as custodian or fiscal agent for others are accounted for in the agency funds.

Plant funds consist of funds to be used for the acquisition of physical properties that are unexpended at the date of reporting, funds set aside for the renewal and replacement of College properties, funds set aside for debt service charges and for the retirement of indebtedness (if any), and funds expended for and invested in College properties.

Cash Equivalents - Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Interfund Activity - Interfund borrowings are recorded in each fund as due to/due from other funds.

Investments - Investments are stated at fair value, based on published market quotations. The College does not invest in derivatives.

Land, Buildings and Equipment - Land, buildings, and equipment are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. When property is sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the net investment in plant is reduced accordingly. Depreciation on buildings and equipment is not recorded.

Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory costs are charged to operations when inventory is sold or consumed.

Deferred Revenue - Revenues and expenditures related to academic terms conducted over two fiscal years, such as summer sessions, are recognized in the fiscal year in which the program is predominantly conducted.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosure in the notes to financial statements. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements - During December 1998, the Government Auditing Standards Board ("GASB") issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and, during April 2000, the GASB issued Statement No. 36, *Recipient Reporting for Certain Shared Non-Exchange Revenues* (an amendment of GASB Statement No. 33). In general, GASB Statements No. 33 and 36 establish accounting and financial reporting standards about when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The statements are effective for the College's year ending June 30, 2001 and management has not yet determined the impact that implementation of GASB Statements No. 33 and 36 will have on its financial statements.

During November 1999, the GASB issued Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, which establishes comprehensive, new financial reporting requirements for governmental colleges and universities throughout the United States. When implemented, it will provide additional information and restructure much of the financial information that the College has presented in the past in an effort to make the College's annual report more comprehensive and easier to understand and use. In this regard, the College will be required to make certain accounting changes, such as the depreciation of its investment in plant (excluding land), prepare its annual financial statements in accordance with a revised format and include with the financial statements a management discussion and analysis and certain required supplementary information. The statement is effective for the College's fiscal year ending June 30, 2002 and management has not yet determined the impact that the implementation of the statement will have on its reported financial position and changes therein.

Reclassifications - Certain reclassifications have been made to the 1999 amounts to conform to the 2000 presentation.

2. DEPOSITS AND INVESTMENTS

Ohio law requires that deposits be placed in eligible banks or building and loan associations located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities of aggregate market value equal to the amount of deposits not insured by the Federal Depository Insurance Corporation. Further, Ohio law allows for pledges of pooled collateral in amounts that exceed the secured deposits by at least ten percent. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio.

The College's investment policies are governed by state statutes that authorize the College to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; and U.S. Government money market funds and repurchase agreements. Such repurchase agreements must be acquired from qualifying Ohio financial institutions or from registered brokers/dealers.

Deposits - At June 30, 2000 and 1999, the carrying amount of the College's deposits were \$1,486,157 and \$610,224, respectively, as compared to actual bank balances of \$616,873 and \$1,029,362, respectively, with the difference representing outstanding checks and normal reconciling items. Of the June 30, 2000 and 1999 bank balances, \$317,811 and \$337,229, respectively, were covered by federal depository insurance and are thus a category (1) deposit risk in accordance with the provisions of GASB Statement No. 3. Another \$1,247,857 and \$634,813 of deposits, respectively, were secured by collateral pools of U.S. Government and municipal securities from each respective financial institution that pledges a pool of collateral against all public deposits it holds. In addition, one of the College's bank accounts was overdrawn in the amount of \$948,795 at June 30, 2000. The remaining deposits of \$57,320 at June 30, 1999 were uninsured and uncollateralized.

Investments - Investments are categorized to give an indication of the level of risk assumed by the College at year end. These categories of risk are summarized below:

Category 1 - Insured or registered investments held by the College or its agent in the name of the College.

Category 2 - Uninsured and unregistered investments, for which securities are held by the counterparty's trust department or agent in the name of the College.

Category 3 - Uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the College's name.

At June 30, 2000 and 1999, investments reported as cash equivalents and investments include:

Type of Investment	Category			Fair Value
	1	2	3	
June 30, 2000:				
Government securities		<u>\$11,414,641</u>	<u>\$64,121,992</u>	\$75,536,633
State Treasurer Asset Reserve Fund (STAROhio)				<u>6,293,452</u>
				<u>\$81,830,085</u>
June 30, 1999:				
Government securities		<u>\$11,626,029</u>	<u>\$45,643,494</u>	\$57,269,523
State Treasurer Asset Reserve Fund (STAROhio)				<u>16,986,952</u>
				<u>\$74,256,475</u>

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. STAROhio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on the balance sheet date. The amount invested with STAROhio is not classified by risk category because it is not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

3. CONSTRUCTION IN PROGRESS

During 2000, major construction projects aggregating \$20 million were completed and transferred to the appropriate investment in plant account. Major projects included the Technical Learning Center at the Metro Campus (\$3.7 million) and the new classroom building at East Campus (\$14 million). Included in construction in progress at June 30, 2000 are additional costs associated with the new classroom building project at the East Campus and costs associated with the Technical Learning Center at the West Campus.

4. STATE APPROPRIATIONS

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

In addition to the student subsidies, the State of Ohio provides funding for the construction of major academic plant facilities on the College's campuses. Funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission ("OPFC"). Bond proceeds are used for the construction and subsequent transfer of the facility to the College.

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

As a result of the above-described financial assistance provided by the State of Ohio to the College, outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Ohio Board of Regents for payment of debt service and the related debt service payments are not recorded in the College's accounts.

The College follows the practice of recording additions to fund balance and accounts receivable in the unexpended plant fund for appropriations released by the State but not yet expended for plant facilities.

5. LOCAL APPROPRIATIONS

The College receives funds from property taxes levied on all real and public utility property and tangible personal property used in businesses located in Cuyahoga County. Two levies for .6 and 1.0 mills were renewed by voters in 1992 as one levy which expires in 2002. An additional levy was renewed by voters in 1996 for 1.2 mills and expires in 2006.

6. PENSION AND RETIREMENT PLANS

Defined Benefit Plans - The College's faculty is covered by the State Teachers Retirement System of Ohio ("STRS"). Substantially all other employees are covered by the Public Employees Retirement System of Ohio ("PERS"). These retirement programs are statewide, cost-sharing, multiple-employer defined benefit pension plans. STRS and PERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. Both STRS and PERS issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting the two organizations at the following locations:

STRS	PERS
275 East Broad Street	277 East Town Street
Columbus, OH 43215-3771	Columbus, OH 43215-4642
(614) 227-4090	(614) 466-2085 or (800) 222-PERS

In addition to the retirement benefits described above, STRS and PERS provide postretirement healthcare benefits (see Note 7).

Defined Contribution Plan - An Alternative Retirement Plan ("ARP") was established by the College's Board of Trustees on February 5, 1999. The ARP is a defined contribution pension plan available to full-time administrative and professional staff in lieu of PERS or STRS. For the employees who elected participation in ARP, prior employee contributions to STRS and PERS were transferred from those plans and invested in individual accounts established with selected external investment managers.

The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Funding - The ORC provides statutory authority for employee and employer contributions to STRS, PERS and the ARP. Contributions equal to those required by STRS and PERS are required to be made to the ARP; however, a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution must be contributed to STRS or PERS to enhance the stability of those plans. The required contribution rates (as a percentage of covered payroll) for plan members and the College were as follows for the year ended June 30, 2000:

	STRS	PERS	ARP
Faculty:			
Plan member	9.30 %		9.30 %
College	14.00 %		14.00 % *
Staff:			
Plan member		8.50 %	8.50 %
College		13.55 %	13.55 %
Law enforcement staff:			
Plan member		9.00 %	9.00 %
College		16.70 %	16.70 %

* Employer contributions included 5.76% paid to STRS. The remaining amount is credited to the participant's ARP account.

The College's contributions for the year ended June 30, 2000 and for each of the two preceding years, including the portion applicable to postretirement benefits (see Note 7), were as follows:

Year Ended June 30,	STRS Contribution	PERS Contribution	ARP Annual Required Contribution
2000	\$ 5,017,000	\$ 4,970,000	\$ 225,000
1999	4,947,000	4,733,000	38,000
1998	4,664,000	4,455,000	

The College's actual contributions to each of the plans equaled the required contributions for each year.

7. POSTRETIREMENT BENEFITS

PERS - PERS provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Healthcare coverage provided by the retirement system is considered another postemployment benefit ("OPEB") as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS is set aside for funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The portion of the employer contribution rate used to fund healthcare was 5.11 percent of covered payroll prior to January 1, 1998. During 1997, PERS adopted a new calculation methodology for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions equal to 4.2 percent of member covered payroll are set aside to fund healthcare expenses. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB.

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

PERS's expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999 (latest information available), the unaudited, estimated net assets available for future OPEB payments were \$9.9 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

STRS - STRS provides comprehensive healthcare benefits to retired teachers and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for healthcare coverage. Pursuant to the ORC, STRS has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS. Monthly premiums were paid during the year by all benefit recipients.

The ORC grants authority to STRS to provide healthcare 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.

For the fiscal year ended June 30, 1999, STRS allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund from which healthcare benefits are paid. The balance in the Health Care Reserve Fund was \$2.8 billion on June 30, 1999 (latest information available). The Health Care Reserve Fund allocation for the year ended June 30, 2000, was 8% of covered payroll.

For the year ended June 30, 1999 (latest information available), net healthcare costs paid by STRS were \$250 million. There were 95,796 eligible benefit recipients on June 30, 1999.

8. SELF-INSURANCE LIABILITIES

The College is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The College is self-insured for the purpose of providing employee healthcare, workers' compensation, disability and retiree death benefits. Losses from asserted claims and from unasserted claims identified under the College's incident reporting systems are accrued based on estimates that incorporate the College's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The liabilities for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Changes in the reported liabilities during the past two fiscal years resulted from the following:

	<u>Healthcare</u>		<u>Worker's Compensation</u>	
	2000	1999	2000	1999
Liability at the beginning of year	\$ 850,000	\$ 822,926	\$ 312,622	\$ 1,010,962
Current year claims, net of changes in estimates	3,352,655	2,557,114	(144,501)	(265,934)
Claim payments	<u>(3,193,655)</u>	<u>(2,530,040)</u>	<u>(25,527)</u>	<u>(432,406)</u>
Balance at end of year	<u>\$ 1,009,000</u>	<u>\$ 850,000</u>	<u>\$ 142,594</u>	<u>\$ 312,622</u>
	<u>Disability</u>		<u>Retiree Death</u>	
	2000	1999	2000	1999
Liability at the beginning of year	\$ 985,199	\$ 1,053,201	\$ 632,640	\$ 592,196
Current year claims, net of changes in estimates	410,918	123,315	63,941	62,194
Claim payments	<u>(267,626)</u>	<u>(191,317)</u>	<u>(29,000)</u>	<u>(21,750)</u>
Balance at end of year	<u>\$ 1,128,491</u>	<u>\$ 985,199</u>	<u>\$ 667,581</u>	<u>\$ 632,640</u>

The College purchases insurance policies in varying amounts for general liability, property damage and employee and Board of Trustee's liability, including errors and omissions of the College's safety forces. Settled claims have not exceeded the College's insurance coverage in any of the past three years.

9. LEASE COMMITMENTS

The College leases a building, certain equipment and automobiles under noncancelable operating leases. Future minimum rental payments under operating leases with remaining terms in excess of one year as of June 30, 2000 are as follows:

Year Ending	
2001	\$ 681,661
2002	337,302
2003	<u>138,000</u>
Total	<u>\$ 1,156,963</u>

The College's rent expense under these leases was \$710,000 and \$626,000 for the years ended June 30, 2000 and 1999, respectively.

10. INCOME TAXES

The College is exempt from income taxes as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

11. CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The College management believes such reimbursements, if any, will be immaterial.

12. LITIGATION

During the normal course of its operations, the College has been named as a defendant in certain legal actions and claims. The College management is of the opinion that the disposition of these legal actions and claims will not have a material adverse effect on the financial condition of the College. The College purchases commercial insurance to cover certain potential losses.

13. FOUNDATION

The Foundation was formed in 1973 to obtain private financing support for the promotion of excellence at the College. The Foundation provides scholarships to financially disadvantaged students and merit scholarships to those students demonstrating excellent academic abilities. The Foundation also provides support to specific educational departments and programs of the College. The accounting records for the Foundation are maintained at the College in Cleveland, Ohio. Certain administrative expenses of the Foundation are borne directly by the College. The Foundation has total unaudited assets of \$8.6 million at June 30, 2000 and unaudited revenues of \$2.8 million for the year then ended.

14. SUBSEQUENT EVENT

On August 30, 2000, the College entered into an agreement with Ameritech Credit Corporation dba SBC Capital Services for maintenance, service, and equipment. The leases result in a monthly obligation of \$163,000 for a period of 36 months.

* * * * *

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
STUDENT FINANCIAL AID CLUSTER (SFA)			
U.S. Department of Education:			
Direct Programs:			
Federal Pell Grant Program		84.063	\$ 11,701,172
Federal Supplemental Education Opportunity Grant		84.007	414,979
Federal Work-Study Program		84.033	575,885
Federal Perkins Loans (FPL)		84.038	50,434
Federal Direct Student Loan Program		84.268	-
Total U.S. Department of Education			<u>12,742,470</u>
U.S. Department of Health and Human Services:			
Direct Program - Nursing Student Loans		93.364	-
Total Student Financial Aid Cluster			<u>12,742,470</u>
JTPA CLUSTER			
U.S. Department of Labor:			
Pass-Through Program from Cuyahoga County, Ohio			
Job Training Partnership Act - Summer Prep	107550-01	17.250	13,616
Pass-Through Program from City of Cleveland, Ohio			
Job Training Partnership Act - Empowerment Zone	NONE	17.250	33,122
Total JPTA Cluster			<u>46,738</u>
OTHER PROGRAMS			
Academic Support - U.S. Department of Education:			
Pass-Through Programs from			
Ohio Department of Education:			
Tech-Prep Equity II	VETP-2000-04 K	84.243	12,995
Tech-Prep	VETP-2000-04 S	84.243	341,609
Tech-Prep - IT	VETP-2000-04 IT	84.243	36,381
Subtotal - Ohio Department of Education			<u>390,985</u>
Academic Support - U.S. Department of Labor:			
Pass-Through Programs from			
Lorain County Community College			
Tech Prep - Closing the Gap	NONE	17.249	2,318
Academic Support - National Science Foundation			
Direct Program:			
Instrumentation & Process Control		47.076	34,716
Total Other Programs - Academic Support			<u>428,019</u>
Institutional Support - U.S. Department of Education:			
Direct Program:			
Internet-in-Education Teacher Training		84.215	4,369
Alliance & Innovation		84.303	239,777
Total Other Programs - Institutional Support			<u>244,146</u>

See Notes to Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
PUBLIC SERVICE			
U.S. Department of Education:			
Direct Programs:			
Trio Cluster:			
Student Support Services		84.042	209,793
Disabled Student Services		84.042	207,134
Project Talent Search		84.044	483,646
Upward Bound		84.047	377,659
Veterans Upward Bound		84.047	210,988
Education Opportunity Center		84.066	235,411
Total Trio Cluster			<u>1,724,631</u>
Gear-Up Partnership Program		84.334	170,101
Title III - Strengthening Institutions		84.031	267,785
EOC-Sex Equity		84.048	8,949
Subtotal Other Direct Programs			<u>2,171,466</u>
Pass-Through Programs from			
Ohio Department of Education:			
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-99C	84.002	352
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-99C	84.002	1,439
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-2000	84.002	34,684
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-98C	84.002	3,187
Vocational Administration	VECPH-P2000-404	84.048	9,866
Transition to Technology	VECPH-P2000-404	84.048	35,517
Orientation to Non-Traditional Occupation for Women	VESE-ONOW-2000-063404	84.048	34,235
Vocational Education - Special Needs	VECPH-P2000-404	84.048	117,752
Pass-Through Programs from			
Polaris Joint Vocational School District			
Orientation to Non-Traditional Occupation for Women	VESE-ONOW-2000-063404	84.048	<u>12,482</u>
Total U.S. Department of Education			<u>2,420,980</u>

See Notes to Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
PUBLIC SERVICE			
National Institute of Health:			
Direct Program:			
Bridges to Success		93.906	99,367
Pass-Through Program from Case Western Reserve University			
Bridges to the Future	R25-GM49010-0152	93.906	<u>11,268</u>
Total National Institute of Health and CFDA # 93.906			<u>110,635</u>
U.S. Small Business Administration:			
Direct Program:			
Small Business Administration		59.005	<u>1,215,539</u>
U.S. Department of Justice:			
Direct Program:			
Cops Universal		16.710	<u>150,657</u>
U.S. Department of Agriculture:			
Pass-Through Programs from Ohio Department of Education:			
Child and Adult Care Food Programs	18-02450-7	10.558	44,901
Family and Childcare Program	IRN110270	10.558	<u>89,690</u>
Total U.S. Department of Agriculture and CFDA #10.558			<u>134,591</u>
U.S. Department of Health and Human Services:			
Pass-Through Program from Cuyahoga County, Ohio Department of Human Services			
Public Assistance Childcare	EAST-0696751C METRO-096733C WEST-0696742C QUAD-073340C	93.575	500,396
Cuyahoga Training Academies	CE1108-01	93.558	<u>505,020</u>
Total U.S. Department of Health and Human Services			<u>1,005,416</u>

See Notes to Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
PUBLIC SERVICE			
National Endowment for the Arts, National Foundation on the Arts and Humanities			
Direct Program:			
JazzFest - Duke Ellington		45.024	15,000
Dance Cleveland		45.024	<u>10,000</u>
Total CFDA #45.024			<u>25,000</u>
Pass-Through Program from Ohio Humanities Council Darlene Clark Lecture Series	NONE	45.129	<u>2,000</u>
Total National Endowment for the Arts, National Foundation on the Arts and Humanities			<u>27,000</u>
National Science Foundation			
Pass-Through Program from Cleveland State University			
Team I	NONE	47.041	2,541
Team II	NONE	47.041	<u>6,007</u>
Total National Science Foundation and CFDA #47.041			<u>8,548</u>
Total Public Service			<u>5,073,365</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,534,739</u>
See Notes to Schedule of Expenditures of Federal Awards.			(Concluded)

CUYAHOGA COMMUNITY COLLEGE

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

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Cuyahoga Community College (the "College") under programs financed by the U.S. Government for the year ended June 30, 2000. The Schedule has been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities.

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

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

All programs are presented by federal department. Pass-through programs are also presented by the entity through which the College received the federal award. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

2. FEDERAL LOAN PROGRAMS

Federal Perkins Loan Program - The College administers the following federal loan program:

	CFDA Number	Outstanding Balance at June 30, 2000
Federal Perkins Loan Program	84.038	<u>\$ 668,000</u>

Total loan disbursements under the program for the year ended June 30, 2000 are identified below:

	CFDA Number	Disbursements
Federal Perkins Loan Program	84.038	<u>\$ 29,582</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. The Schedule only includes administrative costs of the loan program.

Nursing Student Loan Program - The College administers the following federal loan program:

	CFDA Number	Outstanding Balance at June 30, 2000
Nursing Student Loan Program	93.364	<u>\$ 129,997</u>

There were no loan expenditures or disbursements under the program during the year ended June 30, 2000.

Federal Direct Student Loan Program - During the fiscal year ended June 30, 2000, the College processed the following amount of new loans under the Federal Direct Student Loan Program:

	CFDA Number	Amount Disbursed
Federal Direct Student Loan Program	84.268	<u>\$3,577,263</u>

No amounts are included in the Schedule for this program as the College did not incur any administrative costs under the program.

* * * * *



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

Board of Trustees
Cuyahoga Community College

We have audited the financial statements of the Cuyahoga Community College (the "College") as of and for the year ended June 30, 2000, and have issued our report thereon dated October 6, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 6, 2000



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

Board of Trustees
Cuyahoga Community College

Compliance

We have audited the compliance of the Cuyahoga Community College (the "College") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The College's major federal programs are identified in the summary of auditors' 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

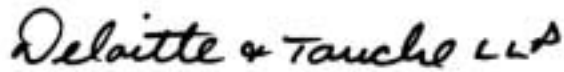
In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the 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 the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 6, 2000

CUYAHOGA COMMUNITY COLLEGE

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

Part I Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended June 30, 2000 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A.
- Noncompliance Noted that is Material to the Financial Statements of the College - None.
- Reportable Conditions in Internal Control Over Major Federal Award Programs Disclosed by the Audit of the Financial Statements - N/A.
- Type of Report Issued on Compliance for Major Federal Award Programs - Unqualified.
- The audit disclosed no audit findings required to be reported under section .510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended June 30, 1999:
 - Student Financial Aid Cluster Programs (CFDA #84.007, 84.033, 84.038, 84.063, 84.268 and 93.364)
 - Public Assistance Childcare (CFDA #93.575)
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$688,187.
- The College is considered to be a Low Risk Auditee as defined under OMB Circular A-133.

Part II Financial Statement Findings

None

Part III Federal Award Findings and Questioned Costs

None

CUYAHOGA COMMUNITY COLLEGE

STATUS OF PRIOR YEAR FINDINGS

Finding No.	Finding	Status
99-1	Federal Work Study Program (CFDA No. 84.033) amount repaid during 2000	Closed



STATE OF OHIO
OFFICE OF THE AUDITOR

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CUYAHOGA COMMUNITY COLLEGE

CUYAHOGA 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 16, 2001**