CUYAHOGA COMMUNITY COLLEGE

Single Audit Report
for the Year Ended
June 30, 2004

Auditor of State
Betty Montgomery

Board of Trustees
Cuyahoga Community College

We have reviewed the Independent Auditor's Report of the Cuyahoga Community College, Cuyahoga County, prepared by Hausser + Taylor LLC for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 2, 2005

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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CUYAHOGA COMMUNITY COLLEGE

TABLE OF CONTENTS

HAUSSER + TAYLOR LLC
Business advisors and certified public accountants

1001 Lakeside Avenue East, Suite 1400 • Cleveland, Ohio 44114-1152 216/523-1905 • FAX: 216/522-1490 • www.hausser.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cuyahoga Community College

We have audited the accompanying statement of net assets of Cuyahoga Community College (the "College") as of June 30, 2004, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended, which collectively comprise the College's basic financial statements. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the College as of June 30, 2003 and for the year then ended were audited by other auditors, whose report dated December 5, 2003 expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, effective July 1, 2003, the College has implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14,* which requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of the governmental unit.

Management's Discussion and Analysis on pages 2 - 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2004 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted 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, 2004 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 as of and for the year ended June 30, 2004 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hausser + Taylor LLC

Cleveland, Ohio
November 23, 2004

The College

Cuyahoga Community College (the "College") is Ohio's first and largest community college. The College opened its doors in 1963 in temporary quarters to approximately 3,000 students. Today the College serves more than 55,000 credit and non-credit students each year at its three Cuyahoga County campuses and three stand-alone facilities.

The College offers credit and non-credit programs to its students. For the Fall 2003 semester, the College offered over 70 two-year technical associate degree programs and 25 one-year certificate programs. The Continuing and Professional Education Division seeks to extend the resources of the College to the business, health and human, and social services communities. In addition, specialized support is provided through focused centers or institutions including: The FabriCare Technology Center, the Labor Management Relations Institute, the Quality Center, and the Small Business Environmental Assistance Center. The College also offers cultural enrichment programs as well as programs for K-12 students and teachers. A number of these programs have been recognized as award-winning national models.

New Accounting Standards

In May 2002, the Governmental Accounting Standards Board (the "GASB") issued Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14,* which requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The provisions of this statement were implemented by the College for the year ended June 30, 2004.

The following discussion and analysis provides an overview of the College's financial activities and should be read in conjunction with the College's financial statements, which begin on page 8.

Overview of the Financial Statements

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, including GASB Statements No. 34, No. 35, and No. 39. The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provide a comprehensive College-wide look at the College's financial activities. The statements are:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

The statements are prepared on the accrual basis and present all assets and liabilities of the College, both financial and capital, and short and long-term. They also present all revenues and expenses of the College during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the College's financial condition as of June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended. Although the Cuyahoga Community College Foundation is considered a component unit of the College, Management's Discussion and Analysis will focus on the activities of the College only.

Financial Highlights

As of June 30, 2004, the College's net assets increased to $211.6 million from $209.9 million as of June 30, 2003. Operating revenues increased $2.6 million due mainly to increased enrollment and tuition rates ($1.6 million) and federal, state and private grant activity ($.6 million). Operating expenses increased $20.4 million principally from a

$5.9 million increase in scholarships provided to students, due to enrollment increases; a $4.3 million increase in instruction and department research expenses due mainly to the increase in full and part-time faculty salaries and fringes; a $1.9 million increase in academic support due to an increase in salaries and fringes; a $3.1 million increase in operations and maintenance of plant due mainly to increases in utility costs due to the addition of facilities constructed and acquired and non-capital equipment purchases; and a $3.9 million increase in depreciation expense due to putting approximately $61.6 million of buildings, moveable equipment, and other assets into service in fiscal 2004. The remainder of the increase is due to normal inflationary increases and other factors.

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities of the College using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Condensed information from the College's statements of net assets follows:

Current assets	$ 149,180	$ 142,779	$ 6,401	4.5 %
Non current assets:				
Capital assets, net of depreciation	172,395	167,460	4,935	2.9 %
Other	67,101	65,576	1,525	2.3 %
Total assets	388,676	375,815	12,861	3.4 %
Current liabilities	105,630	99,344	6,286	6.3 %
Non-current liabilities	71,403	66,523	4,880	7.3 %
Total liabilities	177,033	165,867	11,166	6.7 %
Net assets:				
Invested in capital assets	127,650	132,483	(4,833)	(3.6)%
Restricted - expendable	4,529	6,977	(2,448)	(35.1)%
Unrestricted	79,464	70,488	8,976	12.7 %
Total net assets	$ 211,643	$ 209,948	$ 1,695	0.8 %

Assets

Total assets increased $12.8 million from 2003 principally due to the following factors:

- Property taxes receivable increased approximately $2.8 million over 2003. This is due to increases in the tax base and is partially offset by an increase of $1.2 million in deferred property tax revenue.

- Accounts receivable increased $3.4 million over 2003. The major changes include an increase in student receivables of $3 million primarily due to enrollment and tuition increases offset by an increase of $1 million in the allowance for doubtful accounts. An additional $1.2 million in receivables is related to increased grant activity. The remainder of the change was due to various other factors.

- Restricted cash and cash equivalents decreased approximately $7.5 million primarily due to the use of proceeds of a 2003 bond issuance to begin the construction of Corporate College East and other construction projects.

- Capital assets, net of accumulated depreciation, increased by $4.9 million due mainly to the acquisition of $13.4 million in moveable equipment and the addition of $8.6 million in buildings and building improvements, offset by $15.3 million in depreciation expense.

Liabilities

Total liabilities increased approximately $11.2 million principally due to the following factors:

- Accounts payable and accrued liabilities remained fairly consistent with any differences due to the timing of payments.

- Deferred property tax revenues have increased approximately $1.2 million over 2003.

- Deferred revenues, relating mainly to student revenues for the summer term and cash advances on certain grants with eligibility requirements, increased $2.4 million. An increase in tuition rates and an increase in enrollment over 2004 accounts for $1.7 million of this increase. Tuition rates increased 5 percent and enrollment increased approximately 7 percent over the Fall 2003 semester.

- Capital lease obligations increased $7.3 million due to the College entering into eight new capital leases in 2004, for a total of $9.3 million, offset by payments of principal of $2.0 million, in the ordinary course of business.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of the College, as well as the non-operating revenues and expenses. Annual state appropriations and local property taxes, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Condensed information from the College's statements of revenues, expenses and changes in net assets follows:

	(in thousands) Year Ended June 30, 2004	2003	Increase (Decrease)	Percent Change
Operating revenue:				
Net tuition and fees	$ 33,858	$ 32,225	$ 1,633	5.1 %
Contracts and grants	44,473	43,873	600	1.4 %
Auxiliary enterprises	10,214	9,921	293	3.0 %
Other	6,243	6,155	88	1.4 %
Total operating revenue	94,788	92,174	2,614	2.8 %
Operating expenses:				
Education and general:				
Instruction and departmental research	55,359	51,098	4,261	8.3 %
Public service	16,973	17,226	(253)	(1.5)%
Academic support	19,096	17,178	1,918	11.2 %
Student services	17,062	15,983	1,079	6.8 %
Institutional support	32,068	31,977	91	0.3 %
Operation and maintenance of plant	17,954	14,823	3,131	21.1 %
Student Aid	31,199	25,348	5,851	23.1 %
Depreciation	15,276	11,416	3,860	33.8 %
Auxiliary enterprises	9,493	9,055	438	4.8 %
Operating expenses	214,480	194,104	20,376	10.5 %
Net operating loss	(119,692)	(101,930)	(17,762)	17.4 %
Non-operating revenues:				
State appropriations	46,674	45,129	1,545	3.4 %
Property taxes	74,192	63,162	11,030	17.5 %
Investment income	563	1,663	(1,100)	(66.1)%
Other income and expense	(2,101)	(1,984)	(117)	5.9 %
Total non-operating revenue	119,328	107,970	11,358	10.5 %
Income (loss) before other revenues, expenses, gains or losses	(364)	6,040	(6,404)	(106.0)%
State capital appropriations	2,059	4,957	(2,898)	(58.5)%
Increase in net assets	1,695	10,997	(9,302)	(84.6)%
Net assets - beginning of year	209,948	198,951	10,997	5.5 %
Net assets - end of year	$ 211,643	$ 209,948	$ 1,695	0.8 %

Operating Revenues

The increase in net tuition and fees is due to two factors; increased enrollment and increased tuition rates. Enrollment increased approximately 7 percent over 2003, while a tuition rate increase of 5 percent was in effect for the entire year.

Contract and grant revenue increased $.6 million overall, with an increase of $4.7 million in federal grants and contracts and a decrease of $4.2 million in private grants and contracts. The main factors for the increase in federal grants relate to increases in Basic Educational Opportunity Grants and Direct Student Loans (both subsidized and unsubsidized). Private grants and contracts decreased due to the non-continuation of $4.9 million of grants provided last year, offset by new grants received in the current year.

Auxiliary enterprises consist of book centers, and parking facilities, and food service. Book center and parking facilities' revenues are directly related to enrollment in that both are dependent upon the number of students purchasing books and supplies and attending classes. It is consistent with increased enrollment that these revenues would increase as well.

Other operating revenues consist of sales and services and miscellaneous revenues. A decline in activities in non-credit revenues and other services provided by the Workforce and Economic Development Division was offset by increases in revenues from Corporate College training, conferences, facility rentals, and other various items, amounting to approximately $400,000.

Operating Expenses

Operating expenses increased in almost all categories due to salary and benefits increases of approximately $9.4 million due to the addition of employees to support increases in enrollment, scheduled salary increases, and increases in general benefit costs.

In addition to the overall increases noted above, additional changes are described below:

- Instruction and department research costs increased $4.3 million due to increases in salaries and fringes as noted above.
- Academic support increased $1.9 million mainly due to increases in salaries, fringes, and other staffing.
- Operations and maintenance of plant increased approximately $3.1 million due mainly to an increase of $2.5 million in non-capital equipment purchases and an increase in utilities costs of $662,000 due to the addition of facilities constructed and acquired.
- Cost of sales, which is a component of auxiliary enterprises expense, increased approximately $423,000, which yields a gross margin slightly lower than the prior year caused mainly by the increase in the cost of new books.
- Scholarships and fellowships expenses increased approximately $5.9 million due to increased scholarship revenues, as noted above.
- Depreciation expense increased $3.9 million mainly due to the completion of Corporate College West and the depreciation of $61.6 million of buildings, improvements, moveable equipment and other assets that were put into service in 2004.

The remainder of the increase in operating expenses was due to normal inflationary factors.

Non-Operating Revenues

State operating appropriations increased approximately $1.5 million due entirely to increases in enrollment. Local appropriations consist entirely of property tax revenues. The $11 million increase is due entirely to the combined 1.6 mill replacement levy that went into effect in January 2003.

The decrease in investment income is attributable primarily to lower interest rates on long-term investments and a decrease in the market value of those investments.

Included in other income and expense is interest expense on long-term debt and capital leases. The eight new capital leases account for the majority of the increase.

Capital appropriations from the State of Ohio decreased approximately $2.9 million. The College receives capital dollars from the State of Ohio for joint state projects that are approved as a part of the State's biennial budget process. Due to State budget constraints, the College had fewer capital projects running in 2004 that included State appropriations.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the College's ability to generate net cash flows, its ability to meets its obligations as they come due, and its need for external financing. Condensed information from the College's statement of cash flows follows:

	(in thousands) Year ended June 30, 2004	Year ended June 30, 2003
Cash provided by (used in):		
Operating activities	$ (104,390)	$ (90,535)
Non-capital financing activities	119,053	110,003
Capital and related financing activities	(13,326)	15,600
Investing activities	(8,879)	1,921
Net increase in cash	(7,542)	36,989
Cash - beginning of year	81,700	44,711
Cash - end of year	$ 74,158	$ 81,700

The primary cash receipts from operating activities consist of tuition revenues, grants and contracts, sales and services, and auxiliary enterprises. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships. The increase in cash used in operating activities relates directly to the increase in operating expenses over 2003.

Property tax receipts and state appropriations are the primary source of non-capital financing. Accounting standards require that we reflect these sources of revenue as non-operating even though the College's budget depends on these revenue sources to continue its current level of operations. Operating appropriations from the State of Ohio increased $1.5 million and property tax receipts increased approximately $7.6 million due to the factors discussed above.

The main use of cash from capital and related financing activities relate to purchase of capital asset and principal and interest payments on long term debt. Capital appropriations received from the State of Ohio amounted to $1.5 million. These cash receipts were offset by $11.3 million in capital expenditures and $4.2 million in principal and interest repayment on capital leases and long term debt.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS
JUNE 30, 2004 and 2003

	2004		2003	
ASSETS	Cuyahoga Community College	Component Unit CCC Foundation	Cuyahoga Community College	Component Unit CCC Foundation
CURRENT ASSETS:				
Cash and cash equivalents	$ 48,661,225	$ 92,625	$ 48,333,650	$ 44,220
Short-term investments	123,516		112,855	
Property taxes receivable	76,327,208		73,537,847	
Accounts receivable, net	21,241,184	1,962,717	17,886,035	3,027,384
Inventories	1,553,303		1,599,133	
Prepaid expenses	1,273,454		1,309,810	
Total current assets	149,179,890	2,055,342	142,779,330	3,071,604
NONCURRENT ASSETS:				
Restricted cash and cash equivalents	25,496,815	2,658,293	33,366,168	2,431,150
Restricted investments		9,680,161		7,729,598
Other assets	1,813,259		1,778,623	
Other long-term investments	39,791,025		30,430,764	
Capital assets, net	172,395,134		167,459,860	
Total noncurrent assets	239,496,233	12,338,454	233,035,415	10,160,748
Total assets	388,676,123	14,393,796	375,814,745	13,232,352
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	17,039,252	1,227,200	17,045,784	468,315
Deferred property tax revenue	69,978,631		68,767,008	
Deferred revenue	13,645,915		11,257,075	
Capital lease obligations - current portion	3,052,985		1,386,244	
Long-term debt - current portion	950,000		280,000	
Compensated absences - current portion	963,183		608,000	
Total current liabilities	105,629,966	1,227,200	99,344,111	468,315
NONCURRENT LIABILITIES:				
Long-term debt - less current portion	46,590,621		47,570,466	
Capital lease obligations - less current portion	15,469,388		9,858,519	
Compensated absences - less current portion	5,574,971		5,556,429	
Other liabilities	3,767,812		3,537,543	
Total noncurrent liabilities	71,402,792	0	66,522,957	0
Total liabilities	177,032,758	1,227,200	165,867,068	468,315
NET ASSETS				
Invested in capital assets, net of related debt	127,650,668		132,482,886	
Restricted: nonexpendable		1,681,858		1,455,127
expendable	4,528,729	11,392,107	6,977,443	11,201,978
Unrestricted	79,463,968	92,631	70,487,348	106,932
Total net assets	$ 211,643,365	$ 13,166,596	$ 209,947,677	$ 12,764,037

The accompanying notes are an integral part of the financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, A ND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004		2003	
	Cuyahoga Community College	Component Unit CCC Foundation	Cuyahoga Community College	Component Unit CCC Foundation
REVENUES:				
Operating revenues:				
Student tuition and fees, net of scholarship allowances of $ 5,189,193 in 2004 and $2,898,240 in 2003	$ 33,857,536		$ 32,224,598	
Federal grants and contracts	36,274,613		31,627,056	
State grants and contracts	5,632,414		5,819,380	
Local grants and contracts	464,268		46,555	
Private grants and contracts	2,102,169	$2,590,032	6,379,532	$3,629,654
Sales and services	5,710,123		5,813,060	
Auxiliary enterprises	10,213,850		9,921,166	
Other operating revenues	533,028	1,129,081	342,604	744,439
Total operating revenues	94,788,001	3,719,113	92,173,951	4,374,093
EXPENSES:				
Operating expenses:				
Educational and general:				
Instruction and departmental research	55,359,113		51,098,318	
Public service	16,973,109		17,225,721	
Academic support	19,095,840		17,178,541	
Student services	17,061,563		15,982,911	
Institutional support	32,068,055	4,356,807	31,976,834	3,504,270
Operation and maintenance of plant	17,953,818		14,823,591	
Student Aid	31,199,152	296,821	25,347,610	202,067
Depreciation	15,275,537		11,415,787	
Auxiliary enterprises	9,493,481		9,055,042	
Total operating expenses	214,479,668	4,653,628	194,104,355	3,706,337
Operating income (loss)	(119,691,667)	(934,515)	(101,930,404)	667,756
NONOPERATING REVENUES (EXPENSES):				
State appropriations	46,674,045		45,129,281	
Property taxes	74,191,760		63,161,495	
Unrestricted investment income, net of investment expense of $ 356,955 in 2004 and $ 377,778 in 2003	313,297	21,797	1,232,400	(24,442)
Restricted investment income	249,522	1,250,737	430,991	209,461
Interest on capital asset-related debt	(1,969,518)		(1,681,843)	
Other nonoperating expenses	(130,617)	64,540	(302,018)	2,238
Net nonoperating revenues	119,328,489	1,337,074	107,970,306	187,257
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(363,178)	402,559	6,039,902	855,013
State capital appropriations	2,058,866		4,956,483	
INCREASE IN NET ASSETS	1,695,688	402,559	10,996,385	855,013
NET ASSETS - BEGINNING OF YEAR	209,947,677	12,764,037	198,951,292	11,909,024
NET ASSETS - END OF YEAR	$ 211,643,365	$ 13,166,596	$ 209,947,677	$ 12,764,037

The accompanying notes are an integral part of the financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004		2003	
	Cuyahoga Community College	Component Unit CCC Foundation	Cuyahoga Community College	Component Unit CCC Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Student tuition and fees	$ 33,131,256		$ 31,794,553	
Grants and contracts	44,337,029	$ 3,654,699	38,799,691	$ 4,279,595
Sales and services	6,243,151	1,129,081	6,155,664	744,439
Auxiliary enterprises	10,150,290		9,913,721	
Employee and related payments	(115,340,515)		(106,366,724)	
Supplier and vendor payments	(51,547,381)	(3,597,922)	(45,771,229)	(3,035,955)
Payments for scholarships	(31,364,101)	(296,821)	(25,060,357)	(202,067)
Net cash provided by (used in) operating activities	(104,390,271)	889,037	(90,534,681)	1,786,012
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property tax receipts	72,614,022		64,979,804	
State appropriations	46,674,045		45,129,281	
Other receipts/payments	(234,749)	64,540	(106,598)	2,238
Net cash provided by noncapital financing activities	119,053,318	64,540	110,002,487	2,238
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
State capital appropriations	1,515,426		6,183,946	
Loss on sales of capital assets	614,915			
Proceeds from bond issuance			47,872,693	
Bond issue costs	(29,845)		(817,858)	
Purchases of capital assets	(11,219,916)		(34,735,769)	
Principal paid on capital leases and long-term debt	(2,270,122)		(1,319,796)	
Interest paid on capital leases and long-term debt	(1,936,282)		(1,583,504)	
Net cash provided by (used in) capital and related financing activities	(13,325,824)	0	15,599,712	0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	38,437,880	2,943,432	16,945,866	3,963,585
Purchases of investments	(48,435,118)	(3,868,476)	(16,953,968)	(5,300,190)
Investment income	1,118,237	247,015	1,929,418	243,490
Net cash provided by (used in) investing activities	(8,879,001)	(678,029)	1,921,316	(1,093,115)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,541,778)	275,548	36,988,834	695,135
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	81,699,818	2,475,370	44,710,984	1,780,235
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 74,158,040	$ 2,750,918	$ 81,699,818	$ 2,475,370

(Continued)

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004 AND 2003

	2004 Cuyahoga Community College	2004 Component Unit CCC Foundation	2003 Cuyahoga Community College	2003 Component Unit CCC Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ (119,691,667)	$ (934,515)	$ (101,930,404)	$ 667,756
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	15,275,537		11,415,787	
Changes in assets and liabilities:				
Receivables, net	(2,557,109)	1,064,667	(7,414,800)	649,941
Inventories	45,830		(37,903)	
Prepaid expenses	36,356		145,308	
Accounts payable and accrued liabilities	(492,051)	758,885	5,126,083	468,315
Deferred revenues	2,388,840		2,682,938	
Compensated absences	373,724		119,909	
Other liabilities	230,269		(641,599)	
Net cash provided by (used in) operating activities	$ (104,390,271)	$ 889,037	$ (90,534,681)	$ 1,786,012
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Capital lease obligations incurred for the acquisition of capital assets	$ 9,267,733	$ -	$ -	$ -

(Concluded)

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Cuyahoga Community College (the "College") is an institution of higher education. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 39, *The Financial Reporting Entity*, the College is a primary government with one component unit. 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, is presented as a discrete component unit in the accompanying financial statements.

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the GASB. Effective July 1, 2001, the College implemented GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, issued in November 1999; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*, issued in June 2001; and Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in June 2001. Prior to the year ended June 30, 2002, the College prepared its financial statements in accordance with the *College Guide Model* prescribed by the American Institute of Certified Public Accountants. Under this reporting model, the College's financial activities were classified and reported in its financial statements in the form of certain fund groups. The College now follows the "business-type activities" reporting requirements of GASB Statement No. 35. In accordance with GASB Statement No. 35, the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows are reported on a College-wide basis.

Basis of Accounting - The financial statements of the College have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they represent a legal or contractual obligation to pay.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the College is required to follow all applicable GASB pronouncements. In addition, the College should apply all applicable Financial Accounting Standards Board (the "FASB") Statements and Interpretations, Accounting Principles Board (the "APB") Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected to not apply FASB statements and interpretations issued after November 30, 1989.

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

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

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.

Capital Assets - 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. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Expenditures for construction in progress are capitalized as incurred.

Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. The College's capitalization limit for moveable equipment is $5,000.

The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Building improvements	15 years
Improvements other than buildings	20 years
Library books	5 years
Moveable equipment	4-10 years

Compensated Absences - Compensated absence costs are accrued when earned by employees.

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. In addition, property taxes and certain grant proceeds that do not meet the revenue recognition criteria under GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* and No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement No. 33),* are deferred.

Net Asset Classifications - In accordance with GASB Statement No. 35 guidelines, the College's resources are classified into the following three net asset categories:

Invested in Capital Assets, Net of Related Debt - capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Expendable - net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These net assets principally represent funds related to grants and temporarily restricted net assets of the Foundation.

Restricted – Nonexpendable – net assets subject to externally imposed stipulations that they be maintained permanently. Such assets include the permanent endowment funds of the Foundation.

Unrestricted - net assets that are not subject to externally imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees.

Operating Revenues - All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are state appropriations, property tax revenues and investment income.

Use of Estimates - The preparation of financial statements in conformity with GAAP 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 May 2002 the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14).* This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units of the primary institution based on the nature and significance of their relationship with the primary institution. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of an institution. Effective June 30, 2004, the College has presented the Cuyahoga Community College Foundation as a discrete component unit.

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 five 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, 2004, the carrying amount of the College's deposits was $17,007,627, as compared to actual bank balances of $19,083,691. At June 30, 2003, the carrying amount of the College's deposits was $8,774,903, as compared to actual bank balances of $9,699,835. The difference for both years represents outstanding checks and normal reconciling items. Of the June 30, 2004 and 2003 bank balances, $300,000 was covered by federal depository insurance and the remaining, $18,783,691and $9,399,835 respectively, was uncollateralized, as defined by the GASB; however, it was secured by collateral pools of U.S. Government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held as permitted under Ohio law.

Investments - Investments are categorized to give an indication of the level of credit risk assumed by the College at year end. These categories of credit 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 the College's investments were as follows:

2004 Type of Investment	Category 1	Category 2	Category 3	Fair Value
Government securities			$ 15,758,522	$ 15,758,522
U.S. treasury bills		$14,151,722	13,072,725	27,224,447
Mutual funds			69,269	69,269
Certificate of deposit	$ 54,246			54,246
Totals	$ 54,246	$ 14,151,722	$ 28,900,516	$ 43,106,484
Unclassified investment - State Treasurer's Asset Reserve Fund (STAROhio)				53,958,470
				$ 97,064,954

2003 Type of Investment	Category 1	Category 2	Category 3	Fair Value
Government securities			$ 8,108,750	$ 8,108,750
U.S. treasury bills		$14,200,258	13,934,714	28,134,972
Mutual funds			59,177	59,177
Certificate of deposit	53,678			53,678
Totals	$ 53,678	$ 14,200,258	$ 22,102,641	$ 36,356,577
Unclassified investment - State Treasurer's Asset Reserve Fund (STAROhio)				67,111,957
				$ 103,468,534

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.

The following summarizes the fair value of investments for the Foundation at June 30, 2004 and 2003:

	2004	2003
Common Stock	$ 3,114,333	$ 2,620,160
U.S. Government Bonds	1,814,176	1,396,837
Foreign Bonds	51,409	
Corporate Bonds	872,205	839,944
Mutual Funds	3,828,038	2,872,657
Totals	$ 9,680,161	$ 7,729,598

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30:

	2004	2003
Tuition and fees receivable	$ 17,351,354	$ 14,863,720
Grants receivable	7,277,720	6,054,938
State capital appropriations receivable	484,350	184,926
Interest receivable	156,385	94,274
Other receivables	476,305	270,753
Allowance for doubtful accounts	(4,504,930)	(3,582,576)
Total	$ 21,241,184	$ 17,886,035

4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2004 and 2003 was as follows:

Description	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
Cost:				
Land	$ 5,437,138			$ 5,437,138
Buildings	102,946,454	$ 43,920,276		146,866,730
Building improvements	80,936,966	3,342,572		84,279,538
Improvements other than buildings	29,765,389			29,765,389
Library books	1,881,363	182,377	$ (743,312)	1,320,428
Moveable equipment	48,270,082	14,203,858	(1,546,374)	60,927,566
Construction in progress, net	48,891,131	(40,706,996)	(615,111)	7,569,024
Totals	318,128,523	20,942,087	(2,904,797)	336,165,813
Accumulated depreciation:				
Buildings	57,491,025	3,865,463		61,356,488
Building improvements	33,438,551	4,676,801		38,115,352
Improvements other than buildings	23,188,654	650,794		23,839,448
Library books	1,330,653	213,846	(743,311)	801,188
Moveable equipment	35,219,780	5,868,633	(1,430,210)	39,658,203
Totals	150,668,663	15,275,537	(2,173,521)	163,770,679
Capital assets, net	$ 167,459,860	$ 5,666,548	$ (731,276)	$ 172,395,134

As shown above, several major projects were placed into service during the year ended June 30, 2004, resulting in a significant decrease in construction in progress and a corresponding increase in depreciation expense.

Included in construction in progress at June 30, 2004 are costs associated with the College Wide Building Envelopes, and Corporate College East. At June 30, 2004, $20,306,837 was yet to be spent under contractual commitments pertaining to these improvements and other minor projects and will be funded through unspent proceeds from existing long term debt, state capital appropriations, and general operations.

Description	Balance July 1, 2002	Additions	Disposals	Balance June 30, 2003
Cost:				
Land	$ 5,437,138			$ 5,437,138
Buildings	102,946,454			102,946,454
Building improvements	62,134,288	$ 18,802,678		80,936,966
Improvements other than buildings	28,829,000	936,389		29,765,389
Library books	1,715,767	165,596		1,881,363
Moveable equipment	45,264,472	4,500,211	$ (1,494,601)	48,270,082
Construction in progress, net	38,530,107	10,361,024		48,891,131
Totals	284,857,226	34,765,898	(1,494,601)	318,128,523
Accumulated depreciation:				
Buildings	54,917,364	2,573,661		57,491,025
Building improvements	29,342,309	4,096,242		33,438,551
Improvements other than buildings	22,545,827	642,827		23,188,654
Library books	922,736	407,917		1,330,653
Moveable equipment	32,862,541	3,695,141	(1,337,902)	35,219,780
Totals	140,590,777	11,415,788	(1,337,902)	150,668,663
Capital assets, net	$ 144,266,449	$ 23,350,110	$ (156,699)	$ 167,459,860

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at June 30:

	2004	2003
Accounts payable	$ 3,139,186	$ 4,151,385
Accrued liabilities	9,259,402	8,314,781
Payroll and fringe liablilities	4,640,664	4,579,618
Total	$ 17,039,252	$ 17,045,784

6. 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 net assets and accounts receivable for appropriations approved by the State of Ohio to cover expenses that have been incurred for plant facilities and equipment.

7. PROPERTY TAXES

The College receives funds from property taxes levied on all real, public utility, 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 and combined as one levy which expired during the year ended June 30, 2003. During November 2001, Cuyahoga County voters approved an eight year, 1.6 mill replacement of the .6 and 1.0 mill levies, which commenced during the year ended June 30, 2003.

An additional levy was renewed by voters in 1996 for 1.2 mills and expires in 2006.

8. 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 Ohio Public Employees Retirement System of Ohio ("OPERS"). These retirement programs are statewide, cost-sharing, multiple-employer pension plans. OPERS offers a defined benefit plan, while STRS offers a defined benefit plan, a defined contribution plan, and a combined plan. STRS and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute. Both STRS and OPERS 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	OPERS
275 East Broad Street	277 East Town Street
Columbus, OH 43215-3771	Columbus, OH 43215-4642
(614) 227-4090	(614) 226-6705 or (800) 222-PERS

In addition to the retirement benefits described above, STRS and OPERS provide postretirement healthcare benefits (see Note 9).

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 OPERS or STRS. For the employees who elected participation in ARP, prior employee contributions to STRS and OPERS 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, OPERS and the ARP. Contributions equal to those required by STRS and OPERS 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 OPERS 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 years ended June 30, 2004 and 2003:

	STRS	OPERS	ARP
Faculty:			
Plan member 2004	10.00%		10.00%
Plan member 2003	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, 2004 and for each of the two preceding years, including the portion applicable to postretirement benefits (see Note 9), were as follows:

Year Ended June 30,	STRS Contribution	OPERS Contribution	ARP Contribution
2004	$5,535,000	$5,864,000	$505,000
2003	5,259,000	5,772,000	458,000
2002	4,954,000	5,624,000	358,000

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

9. POSTRETIREMENT BENEFITS

OPERS - OPERS provides postretirement healthcare coverage to age and service retirants with ten or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients is also available. Healthcare coverage provided by the retirement system is considered an OPEB as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS (5% of covered payroll) is set aside for funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. The statutory healthcare contribution requirement from the College for the year ended June 30, 2004 and 2003 (which is included in the College's total OPERS contribution) were $2,548,000 and $2,110,000.

OPEB are advance-funded on an actuarially determined basis and 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.

At December 31, 2003 (latest information available), there were 364,881 active participants contributing to the Traditional and Combined plans. In addition, at December 31, 2002, the actuarial value of the plan's net assets available for OPEB approximated $10 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were $18.7 billion and $8.7 billion, respectively.

STRS - STRS provides access to healthcare coverage to retired teachers who participated in the defined benefit or combined plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and partial reimbursement of monthly Medicare Part B 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. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

The ORC grants authority to STRS to provide healthcare coverage to eligible 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.

Postretirement healthcare under STRS is financed on a pay-as-you-go basis. For the fiscal years ended June 30, 2004 and 2003, STRS allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which healthcare benefits are paid. The healthcare contribution requirement from the College for the years ended June 30, 2004 and 2003 (which is included in the College's total STRS contribution) was $404,000 and $374,000, respectively. The balance in the Health Care Reserve Fund was $2.8 billion on June 30, 2003 (latest information available). For the year ended June 30, 2003 (latest information available), net healthcare costs paid by STRS were $352 million. There were 108,294 eligible benefit recipients on June 30, 2003.

10. 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 include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Changes in the reported liabilities (included in other liabilities on the statements of net assets) during the past two fiscal years resulted from the following:

	Healthcare		Workers' Compensation	
	2004	2003	2004	2003
Liability at the beginning of year	$ 532,636	$ 1,314,000	$ 541,642	$ 469,769
Current year claims, net of changes in estimates	4,695,262	3,039,470	181,084	138,735
Claim payments	(4,652,973)	(3,820,834)	(58,586)	(66,862)
Balance at end of year	$ 574,925	$ 532,636	$ 664,140	$ 541,642

	Disability		Retiree Death	
	2004	2003	2004	2003
Liability at the beginning of year	$ 1,369,087	$ 1,268,800	$ 777,169	$ 762,169
Current year claims, net of changes in estimates	59,413	109,020	58,000	31,000
Claim payments	(46,800)	(8,733)	(23,000)	(16,000)
Balance at end of year	$ 1,381,700	$ 1,369,087	$ 812,169	$ 777,169

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.

11. LEASE COMMITMENTS

Capital Leases - The College has ten capital leases as described below. The changes in the lease obligations during the years ended June 30, 2004 and 2003 are shown below:

2004	Beginning Balance	Additions	Reductions	Ending Balance
Apple Computer Lease		$ 454,311	$ 158,111	$ 296,200
Academic Systems Lease		363,927	121,309	242,618
255 IBM MP 50 PC's		333,285	6,481	326,804
Minolta Copiers CF 3102		53,071	5,187	47,884
Server Lease		246,380	24,079	222,301
Computer Leases		486,410	57,128	429,282
Mainframe Lease		6,472,074		6,472,074
HP Phone Lease		858,275	155,437	702,838
House Bill 7 Lease	$ 10,721,183		1,015,065	9,706,118
Phone System Lease	523,580		447,326	76,254
Total	$ 11,244,763	$ 9,267,733	$ 1,990,123	$ 18,522,373

2003	Beginning Balance	Additions	Reductions	Ending Balance
House Bill 7 Lease	$ 11,610,650		$ 889,467	$ 10,721,183
Phone System Lease	953,909		430,329	523,580
Total	$ 12,564,559	$ 0	$ 1,319,796	$ 11,244,763

On March 31, 2001, the College entered into a long-term lease-purchase agreement with a financial institution to finance certain energy conservation improvements under Ohio House Bill 7. The agreement requires payments of principal and interest in equal monthly installments of $120,861 through August 2012. The building improvements under the capital lease had a net book value of $11,513,416 at June 20, 2004, which was composed of a capitalized cost of $12,792,685 less accumulated depreciation of $1,279,269.

On August 24, 2001, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new phone system. The agreement requires payments of principal and interest in equal monthly installments of $38,312 through August 2004. The components financed by the lease had a net book value of $646,376 at June 30, 2004, which was composed of a capitalized cost of $1,292,732 less accumulated depreciation of $646,356.

On October 1, 2003, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new communication system. The agreement requires payments of principal and interest in equal monthly installments of $18,859 through September 2007. The components financed by the lease had a net book value of $643,707 at June 30, 2004, which was composed of a capitalized cost of $858,275 less accumulated depreciation of $214,568.

On October 1, 2003, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new mainframe computer system. The agreement requires payments of principal and interest in equal monthly installments of $138,284 through October 2008. The components financed by the lease had a net book value of $5,609,131 at June 30, 2004, which was composed of a capitalized cost of $6,472,074 less accumulated depreciation of $862,943.

On December 1, 2003, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new IBM PC computers. The agreement requires payments of principal and interest in equal monthly installments of $10,879 through December 2007. The components financed by the lease had a net book value of $405,342 at June 30, 2004, which was composed of a capitalized cost of $486,410 less accumulated depreciation of $81,068.

On January 16, 2004, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new servers. The agreement requires payments of principal and interest in equal monthly installments of $5,510 through January 2008. The components financed by the lease had a net book value of $221,742 at June 30, 2004, which was composed of a capitalized cost of $246,380 less accumulated depreciation of $24,638.

On January 16, 2004, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new copiers. The agreement requires payments of principal and interest in equal monthly installments of $1,187 through January 2008. The components financed by the lease had a net book value of $45,700 at June 30, 2004, which was composed of a capitalized cost of $53,071 less accumulated depreciation of $7,371.

On May 15, 2004, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new IBM PC's. The agreement requires payments of principal and interest in equal monthly installments of $7,448 through May 2008. The components financed by the lease had a net book value of $324,027 at June 30, 2004, which was composed of a capitalized cost of $333,285 less accumulated depreciation of $9,258.

On May 22, 2003, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new academic systems software. The agreement requires payments of principal and interest in equal semi annual installments of $65,439 through February 2006. The components financed by the lease had a net book value of $291,142 at June 30, 2004, which was composed of a capitalized cost of $363,927 less accumulated depreciation of $72,785.

On March 31, 2004, the College entered into a long-term lease-purchase agreement with a financial institution to finance its new Apple computers. The agreement requires payments of principal and interest in equal annual installments of $159,395 through May 2006. The components financed by the lease had a net book value of $439,168 at June 30, 2004, which was composed of a capitalized cost of $454,311 less accumulated depreciation of $15,143.

Future minimum lease payments under the capital leases are due as follows:

Fiscal Year	Amount
2005	$ 3,726,666
2006	3,926,611
2007	3,636,338
2008	3,360,397
2009	2,003,465
2010-2013	4,592,702
Total minimum lease payments	21,246,179
Less amount representing interest	2,723,806
Present value of net minimum lease payments	$ 18,522,373

Operating Leases - 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, 2004 are as follows:

Year	Amount
2005	$2,136,180
2006	1,100,036
2007	368,159
Total	$3,604,375

The College's rent expense under these leases was $2,627,000 and $3,289,000 for the years ended June 30, 2004 and 2003, respectively.

On September 4, 2002, the College entered into a lease agreement to lease real estate to a third party. The lease is an operating lease, which commenced on October 1, 2002, with a partial lease year from September 4, 2002 through September 30, 2002. The lease is for a period of two years and has fixed monthly rentals of $26,508. The lease provides for four additional 2-year renewals at the option of the tenant. Rental for the first two renewals remains the same as the initial term, with a 10% increase going into effect for the third renewal term. Total rental revenue under this lease was approximately $318,000 in 2004.

12. LONG TERM DEBT

The College's long-term debt at June 30, 2004 consisted of the following:

Series A bonds, including premium of $840,621	$ 29,665,621
Series B bonds	17,875,000
Total	47,540,621
Less current portion	950,000
Long-term portion	$ 46,590,621

In September 2002, the College issued $29,105,000 Cuyahoga Community College District, Ohio General Receipts Bonds, Series A, and in October 2002, the College issued $17,875,000 Cuyahoga Community College District, Ohio General Receipts Bonds, Series B. The proceeds of both issuances are being used to fund the Corporate College project and are described below:

- The Series A Bonds consist of $6,275,000 of serial bonds maturing each June 1 and December 1, beginning June 1, 2004 and ending December 1, 2013. Interest on each series varies and ranges from 1.6% to 3.55 %. The $22,830,000 of term bonds, with interest rates ranging from 4.6% to 5%, mature as follows: $1,525,000 on December 1, 2015; $6,715,000 on December 1, 2022; $1,765,000 on June 1, 2024; and $12,825,000 on December 1, 2032.

- The Series B Bonds mature on December 1, 2032. The holders of the notes are permitted to demand repayment prior to maturity under certain circumstances. As a result, the College has executed a remarketing agreement and a letter of credit with a financial institution which requires the financial institution to use its best efforts to resell any portion of the notes presented for payment prior to their scheduled maturity. The letter of credit, which expires on October 9, 2004, provides assurance that funds will be available through the financial institution to redeem any non-marketable notes prior to their maturity. The notes provide for interest at a rate as determined by the remarketing agent based upon current transactions in comparable securities the enable the agent to remarket the notes at par. The interest rate on the Series B Bonds was 1.10% on June 30, 2004.

The bonds are payable as follows (with an assumed interest rate of 3.15% of the Series B Bonds):

	Principal	Interest	Total
2005	$ 950,000	$ 1,862,202	$ 2,812,202
2006	975,000	1,839,475	2,814,475
2007	1,000,000	1,814,167	2,814,167
2008	1,030,000	1,786,349	2,816,349
2009	1,055,000	1,755,869	2,810,869
2010-2014	5,810,000	8,247,098	14,057,098
2015-2019	7,025,000	7,016,760	14,041,760
2020-2024	8,690,000	5,366,186	14,056,186
2025-2029	10,715,000	3,328,701	14,043,701
2030-2032	9,450,000	805,736	10,255,736
Total	$ 46,700,000	$ 33,822,543	$ 80,522,543

13. 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.

14. 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.

15. 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.

* * * * * *

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

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	$ 22,121,999
Federal Supplemental Education Opportunity Grant		84.007	442,493
Federal Work-Study Program		84.033	426,627
Federal Perkins Loan Program		84.038	22,164
Total Student Financial Aid Cluster			23,013,283
OTHER PROGRAMS			
Academic Support—U.S. Department of Education:			
Direct Programs:			
Paraprofessional Associate Degree		84.367	10,000
Pass-Through Programs from			
Ohio Department of Education:			
Tech-Prep	VETP-2003-04 FB	84.243	246,232
Pass-Through Programs from			
Stevens Institute of Technology:			
Community College Pathways to Improved Teacher Prep		84.342	10,760
Total Other Programs—Academic Support			266,992
Institutional Support—U.S. Department of Education:			
Direct Programs:			
Early Childhood Literacy	R215K010104	84.215	75,989
Pass-Through Programs from			
Polaris Joint Vocational School District			
Alliance & Innovation	R303A980063-03	84.303	236,600
Total Other Programs—Institutional Support			312,589

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2004

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	279,372
Disabled Student Services		84.042	275,062
Total CFDA #84.042			554,434
Project Talent Search		84.044	529,585
Upward Bound		84.047	407,139
Veterans Upward Bound		84.047	280,547
Total CFDA #84.047			687,686
Education Opportunity Center		84.066	351,249
Total Trio Cluster			2,122,954
Gear-Up Partnership Program		84.334	279,569
Title III—Strengthening Institutions		84.031	29,776
Community Music Program		84.116	312,314
Pass-Through Programs from			
Ohio Department of Education:			
Adult Basic and Literacy Education	PROJECT #063404-AB-S1-2003C	84.002	980
Adult Basic and Literacy Education	PROJECT #063404-AB-S2-2003C	84.002	11,200
Adult Basic and Literacy Education	PROJECT #063404-AB-S2-2004	84.002	35,502
Adult Basic and Literacy Education	PROJECT #063404-AB-S1-2004	84.002	46,949
Total CFDA #84.002			94,631
Rainbow Terrace-Technology Learning Center	PROJECT #063404-T1S1-03	84.287	148,960
Vocational Administration	CPIII-P04	84.048	21,682
Vocational Education—Sex Equity	CPIII-P04	84.048	238,363
Vocational Education—Special Needs	CPIII-P04	84.048	173,600
Total CFDA #84.048			433,645
Pass-Through Programs from			
Greater Cleveland Partnership:			
Summer Bridges Program	None	84.215	574
Total Public Service			3,422,423
Total U.S. Department of Education			27,015,287

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

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		93.859	152,252
U.S. Department of Agriculture:			
Pass-Through Program from			
Ohio Department of Education:			
Family Daycare	IRN110270	10.558	123,000
U.S. Department of Health and Human Services:			
Pass-Through Program from Western Reserve Area			
Agency on Aging:			
Title III Shape Up	None	93.044	45,761
National Science Foundation:			
Pass-Through Program from Brevard Community College:			
Spacetec-NSF	None	47.076	22,731
U.S. Department of Housing and Urban Development:			
Pass-Through Program from Cuyahoga County			
Board of Health			
Lead Based Paint Hazard Control	None	14.900	30,780
National Endowment for the Humanities			
Pass-Through Program from Ohio Humanities Council:			
LaFeber Program	OHC-M03-181	45.129	500

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
PUBLIC SERVICE			
U.S. Department of Labor			
Pass-Through Program from Cuyahoga County, Ohio:			
Year-Round Youth Education and Training	CE 13742-01	17.259	7,155
Pass-Through Program from the City of Cleveland, Ohio:			
In-School Workforce Investment Act	None	17.259	226,870
Total CFDA #17.259			234,025
Youth Opportunity	None	17.263	124,695
Pass-Through Program from Greater Cleveland Growth Association:			
Third Frontier Internship Program	None	17.258	7,569
Total U.S. Department of Labor			366,289
National Endowment for the Arts—National Foundation on the Arts and Humanities			
Direct Program:			
JazzFest - NEA		45.024	11,000
JazzMasters - NEA		45.024	15,000
Pass-Through Program from Heartland Foundation:			
Urban Bush Women	None	45.024	4,650
Compagnie Jant-Bi	None	45.024	9,300
Ken Lvarnstrom & Co.	02-6100-2064	45.024	3,250
Pass-Through Program from Doris Duke Charitable Foundation:			
JazzFest		45.024	51,000
Total National Endowment for the Arts—National Foundation on the Arts and Humanities			94,200
Corporation for National and Community Service			
Pass-Through Program from Association for Gerentology in Higher Education:			
Intergenerational Service Learning	None	94.011	150
Total Corporation for National and Community Service			150
TOTAL EXPENDITURES OF FEDERAL AWARDS			$27,850,950

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Concluded)

CUYAHOGA COMMUNITY COLLEGE

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004. The Schedule has been prepared using the accrual basis of accounting.

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 outstanding balance under this federal loan program administered by the College is as follows:

	CFDA Number	Outstanding Balance at June 30, 2004
Federal Perkins Loan Program	84.038	$ 482,515

Federal Direct Student Loan Program - During the fiscal year ended June 30, 2004, 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	$4,530,159

* * * * * *

HAUSSER + TAYLOR LLC
Business advisors and certified public accountants

1001 Lakeside Avenue East, Suite 1400 • Cleveland, Ohio 44114-1152 216/523-1905 • FAX: 216/522-1490 • www.hausser.com

Board of Trustees
Cuyahoga Community College
Cleveland, Ohio

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited the financial statements of Cuyahoga Community College as of and for the year ended June 30, 2004, and have issued our report thereon dated November 23, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cuyahoga Community 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuyahoga Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters which are required to be reported under Government Auditing Standards.

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

Hausser + Taylor LLC

Cleveland, Ohio
November 23, 2004

HAUSSER + TAYLOR LLC
Business advisors and certified public accountants

1001 Lakeside Avenue East, Suite 1400 • Cleveland, Ohio 44114-1152 216/523-1905 • FAX: 216/522-1490 • www.hausser.com

Board of Trustees
Cuyahoga Community College
Cleveland, Ohio

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Cuyahoga 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, 2004. Cuyahoga Community College's major program is 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 Cuyahoga Community College's management. Our responsibility is to express an opinion on Cuyahoga Community 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 Cuyahoga Community 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 Cuyahoga Community 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, 2004. However, the results of our auditing procedures discussed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 04-01.

Internal Control Over Compliance

The management of Cuyahoga 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 our audit, we considered Cuyahoga 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 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.

We noted one matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Cuyahoga Community College's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Finding 04-01.

A material weakness is a reportable condition in which the design or operation of one of 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 caused by error or fraud 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. Our consideration of the internal control over compliance 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, we believe that the reportable condition described above is not a material weakness.

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

Hausser + Taylor LLC

Cleveland, Ohio
November 23, 2004

CUYAHOGA COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2004

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?	____	yes	X	no
Reportable condition(s) identified not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statements noted?	____	yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	____	yes	X	no
Reportable condition(s) identified not considered to be material weaknesses?	X	yes	____	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	X	yes	____	no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.003, 84.038, 84.063	Student Financial Aid Cluster
84.042, 84.044, 84.047, 84.066	Trio Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $835,529

Auditee qualified as a low risk auditee?	X	yes	____	no

Section II - Financial Statement Findings – No findings were noted

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 04-01

Criteria:

In determining a return of Title IV federal funds for withdrawn students, the College must calculate and return required funds within 30 days of the date of determination of the withdrawal (34 CFR section 668.22).

Condition:

Out of a sample of 25 withdrawn students tested, 7 calculations were not completed within 30 days of the date of determination of the withdrawal. An 8^{th} return was not returned to the applicable programs within 30 days of the date of determination. In addition, the student accounting personnel completing return of Title IV calculations, utilized methodology that existed prior to the Reauthorization of 1998 that became effective for all calculations after October, 2000.

Questioned Cost:

Not applicable

Cause:

The employees responsible for calculating return of Title IV funds were not timely notified of student withdrawals and were not educated on changes to the compliance requirements of the program.

Effect:

The College did not timely or accurately calculated amounts to be returned to federal programs.

Recommendation:

It is our understanding that the School's student management computer system now has a module to track and complete return of Title IV calculations when a student's status is changed to withdrawn. We recommend that the College design and implement procedures to ensure that all complete withdrawals are timely entered into the Banner system as soon as they are determined. In addition, the Financial Aid should review the automated calculations to ensure that all are being processed accurately. Finally, we recommend that procedures be implemented to ensure that any required returns are communicated timely to the Student Accounts Office for adequate time to process return payments to appropriate programs. The College should also implement communication programs to ensure that all employees who deal with any federal programs are properly educated of any and all changes to the requirements of the federal programs.

Management Response:

Based upon a review of the nature of the exceptions noted, each was the result of a course withdrawal not reported properly by the College's newly implemented computer application, SCT Banner Return of Title IV. As a result, efforts are being made to ensure the accurate and timely identification of Title IV student course withdrawals by the computer application, thereby ensuring compliance with the 30 day return requirement.

Prior Year Findings:

No findings of questioned costs for Federal awards including audit findings as defined by OMB Circular A-133 Section 510(a) were reported in the prior audit period.

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CUYAHOGA COMUNITY 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
MARCH 17, 2005