

# Cuyahoga Community College

Cleveland, Ohio



## Comprehensive Annual Financial Report

For the Fiscal Years Ended  
June 30, 2008 and 2007





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Cuyahoga Community College  
700 Carnegie Avenue  
Cleveland, Ohio 44115

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Community College, Cuyahoga County, prepared by Maloney + Novotny LLC for the audit period July 1, 2007 through June 30, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 22, 2009

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# Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2008 and 2007

Cuyahoga Community College  
Cleveland, Ohio

Prepared by

**Administration and Finance Division**



## TABLE OF CONTENTS

### Introductory Section

Letter of Transmittal.....	i
President and Board of Trustees.....	xi
College Administration.....	xii
Mission, Vision and Values Statement.....	xiii
Organizational Chart.....	xiv

### Financial Section

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	2
Basic Financial Statements:	
Statements of Net Assets.....	10
Statements of Revenues, Expenses, and Changes in Net Assets.....	11
Statements of Cash Flow.....	12
Notes to the Basic Financial Statements.....	14

### Statistical Section

Schedule of Net Assets by Component.....	S1
Schedule of Expenses by Program.....	S2
Schedule of Revenues by Source.....	S3
Schedule of Other Changes in Net Assets.....	S4
Assessed and Estimated Actual Value of Taxable Property.....	S5
Property Tax Rates – Direct and Overlapping Governments.....	S7
Principal Taxpayers.....	S10
Property Tax Levies and Collections.....	S11
Historic Tuition and Fees.....	S12
Ratio of Debt per Student.....	S13
General Receipt Bond Coverage.....	S14
Computation of Legal Debt Service Margin.....	S15
Demographic and Economic Statistics.....	S16
Principal Employers.....	S17
Employee Statistics.....	S18
Historical Headcount.....	S19
Graduation Statistics.....	S20
Capital Asset Information.....	S21



# Introductory Section



November 13, 2008

To the Board of Trustees and the Residents of Cuyahoga County:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Cuyahoga Community College (the College) for the fiscal years ended June 30, 2008 and 2007.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

We acknowledge that management is responsible for the content of this report and establishing and maintaining internal controls, which ensure that assets are protected from loss, theft, or misuse, and ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The CAFR has been prepared in conformance with the financial reporting standards applicable to governmental entities set forth by the Governmental Accounting Standards Board in its authoritative pronouncements, as well as the financial reporting standards of the Government Finance Officer's Association. The College is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and non-Profits Organizations*. Audits are made by the State Auditor, or by CPAs at the direction of that officer, pursuant to Ohio law, and examinations or audits are made under certain federal program requirements. Annual financial reports are prepared by the College, and filed as required by law with the State Auditor after the close of each Fiscal Year.

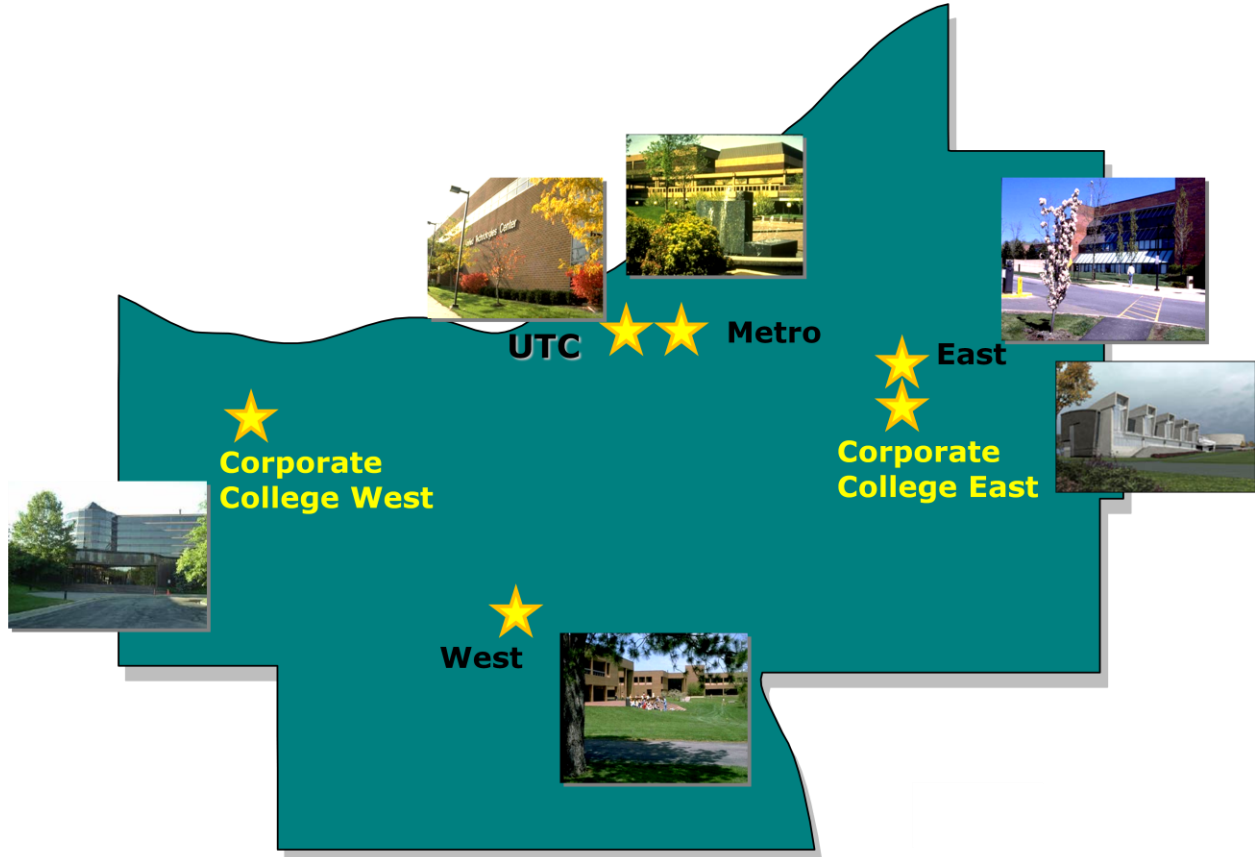
*Administration and Finance*  
District Administrative Services  
700 Carnegie Avenue  
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*Cuyahoga Community College is an affirmative action/equal opportunity institution*



## Profile of Cuyahoga Community College

Cuyahoga Community College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). According to GASB Statement No. 14, the financial reporting entity



consists of “a primary or special purpose stand alone government, organization(s) for which the government is financially accountable, and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.” The College is a related organization because Cuyahoga County Board of Commissioners appoint a majority of its board members; however, it is legally separate, and is fiscally independent of other state and local governments. Although the College is geographically co-extensive with Cuyahoga County, it is an entirely separate subdivision. In accordance with GASB Statement No. 39, the financial activity of the Cuyahoga Community College Foundation is presented as a component unit of the College. The College is not included in any other governmental financial reporting entity.

A nine member Board of Trustees governs the College. Six trustees are appointed by the Board of County Commissioners of Cuyahoga County, and three by the Governor, all for five-year terms. The administrative direction of the College has been delegated by the Board of Trustees to the President and administrative staff. The administrative staff is appointed by the President subject to Board approval.

## History

Cuyahoga Community College opened in 1963 and was Ohio's first community college. Its mission is to provide high quality, accessible and affordable educational opportunities and services – including university transfer, technical and lifelong learning programs – that promote individual development and improve the overall quality of life in a multicultural community.

The College now serves more than 55,000 credit and non-credit students each year at three traditional campuses (East, West and Metropolitan (Metro)), two Corporate College® locations, the Unified Technology Center (UTC), 50+ off-campus sites, and through distance learning options. College-wide operations include 2.2 million square feet of building space and 377 acres of grounds. For almost 45 years Cuyahoga Community College has provided high quality, affordable education and programs to more than 700,000 members of our community.



Cuyahoga Community College offers a top quality education and flexible learning options at the lowest tuition in Northeast Ohio. The College also generates spending of about \$500 million annually in Northeast Ohio and sustains more than 25,000 jobs.



Based on state-wide academic enrollment figures, Cuyahoga Community College is the fourth largest higher education institution in Ohio, including the four-year institutions. It is the 26th largest employer in Cuyahoga County (ranked by full-time equivalent positions).

In addition, more than 500,000 Northeast Ohio residents attend college-sponsored cultural, community and sports programs each year. The College is home to JazzFest Cleveland, the nation's premier educational jazz festival, and also hosts popular cultural arts programs at Playhouse Square and at campus theaters.

The College strives for continuous improvement and innovation as evident by the accreditations received, advancement of programs and collaborative engagements formed throughout its history. The College culture will continue to foster employees that believe they can impact a person and the community. The county and state are enriched by receiving a broad spectrum of educated professionals, experiencing community cultural and athletic events and providing an enriched working environment.

## The Community

Cuyahoga County is located in northeastern Ohio and borders Lake Erie. The largest City in the County is the City of Cleveland, which is the county seat. The County is substantially fully developed and, according to the 2000 census, had a population of 1,393,845, making it the most populous county in the State and the 23<sup>rd</sup> most populous county in the United States.

Cuyahoga Community College is located in Cuyahoga County. The greater Northeast Ohio area has a population of 4.5 million, is headquarters to 26 Fortune 1000 firms, and is ranked in the top 5 industrial markets in the U.S. with almost 10,000 manufacturing companies and more than 2,500 companies that actively participate in international business. Northeast Ohio is a leader in new technology and is home to some of the finest medical institutions in the country, including the world-renowned Cleveland Clinic and University Hospital System. It is also the center of the nation’s largest concentration of industrial and consumer markets; over 10-million people live within a 150-mile radius. Northeast Ohio is also a regional center for the performing and visual arts, and is home to some of the most famous and prestigious performing, art, and historical institutions in the world, including the Cleveland Orchestra, the Cleveland Museum of Art, the National Inventor’s Hall of Fame, and the Rock & Roll Hall of Fame and Museum. Cleveland’s theater district is the second largest performing arts center in the country.

Distinctive demographic and economic factors that have an impact on the College’s overall mission and strategies include: (1) the need to provide postsecondary education for a wide range of students, from students in need of developmental education, to honors students in both suburban and urban environments; (2) an urban environment characterized by high poverty rates and low educational attainment; (over 18 percent of County residents [includes Cleveland] lack a high school diploma and less than half of the students in the Cleveland Metropolitan School District receive diplomas); (3) a shift from traditional rust-belt manufacturing jobs to careers in health care, financial services, information technology, and other high-growth sectors; and (4) a steady loss of population, which has recently been reflected in flat enrollment levels.

Cuyahoga County/City of Cleveland Residents Living in Poverty (Percent)	
<b>Cuyahoga County</b>	
Families Below Poverty Level	11.4%
Individuals Below Poverty Level	14.8%
<b>City of Cleveland</b>	
Families Below Poverty Level	22.2%
Individuals Below Poverty Level	27.0%
<b>United States</b>	
Families Below Poverty Level	9.8%
Individuals Below Poverty Level	13.3%

Poverty and the lack of preparation for college are important factors. Even with low tuition and financial assistance, the lack of financial resources to support themselves while attending college, along with a lack of educational goals and direction, often inhibit students’ pursuit of, and success in, post-secondary education.

The shift from low-skill jobs to jobs that require advanced skills and higher educational attainment requires the College to invest a significant amount of resources to develop and deliver employer-requested, career-focused training; many of these programs are expensive to deliver. Cuyahoga County is home to a large number of nationally recognized health care, medical education, medical research and medical technology institutions. The metropolitan area is served by 50 hospitals; 23 are affiliated with medical schools, including Case Western Reserve University School of Medicine. One of the College’s distinctive features is its wide array of health career programs to address the needs of this industry. Cuyahoga Community College ranks 7th nationally among two-year institutions in the number of Associate degrees awarded for health professions and related clinical sciences and 47th nationally among two-year institutions for the number of nursing degrees awarded.

## Types of Services

Cuyahoga Community College offers associate degrees, certificate programs and the first two years of a baccalaureate degree. Students can choose from more than 1,000 credit courses in more than 90 career and technical programs and liberal arts curricula. More than 200 distance learning courses and more than 130 off-campus credit courses are available at various locations throughout the community; and more than 600 non-credit workforce and professional development courses are offered each year.

**Cuyahoga Community College offers four nontraditional educational delivery options, including classes offered through:**

- ✱ **The Internet**
- ✱ **Cable television**
- ✱ **Broadcast television**
- ✱ **Interactive video**

Cuyahoga Community College offers five associate degrees: Associate of Arts, Associate of Science, Associate of Applied Business, Associate of Applied Science, and Associate of Technical Studies. The College is fully accredited by the Higher Learning Commission, a Commission of the North Central Association of Colleges and Schools. In addition, a number of the College's career programs are accredited or approved by appropriate specialized associations or agencies.

The College offers more than 90 technical degree programs. Of these programs, 30 lead to an Associate of Applied Business degree and 61 lead to an Associate of Applied Science degree. Short Term Certificates and Certificates of Proficiency are offered in 11 Business areas and 21 Science areas that ladder into associate degree programs. Post Degree Professional Certificates are offered in 3 business areas and 7 science areas. In addition, Cuyahoga Community College offers a wide variety of non-credit courses, support services and special programs designed to meet the needs of a diverse student body and of the community at large.

## Economic Environment Analysis

The economic environment in Cuyahoga County and Northeast Ohio has a direct and significant impact on Cuyahoga Community College. Eighty-one percent of credit students who attended Cuyahoga Community College during FY07 were Cuyahoga County residents. In addition, the College receives almost 43% of its annual operating revenue from two Cuyahoga County tax levies.

Cuyahoga County, with a 2007 population of 1,295,958, contributes approximately 617,900 workers to the labor force. In January, 2008, the County's estimated unemployment rate was 6.3%, up from 6.1% in December, 2007 but down from the 6.4% high in January, 2007. Cuyahoga County is in a cycle of population decline. Between 2000 and 2007, Cuyahoga County lost nearly 100,000 residents.

In addition, the current national housing market is having an effect on the area. Northeast Ohio had the sixth highest foreclosure rate in the nation in 2007, with the number of foreclosures jumping 112% compared with 2006 according to RealtyTrac Inc. These issues, combined with the high unemployment rate, directly contribute to a decreased tax base for the College levy revenues and a smaller student enrollment base.



The State of Ohio is also going through a period of economic downturn and increasing unemployment. The Governor is working to implement cost savings, management strategies, and program reductions and efficiencies statewide in order to reduce a projected deficit ranging from \$733 million to \$1.9 billion. Ohio's unemployment rate was 6.3% in January, 2008, up from 5.8% in December, 2007.

All of these economic factors will pose significant challenges for Cuyahoga Community College.

### **Long Term Strategic Financial and Operational Planning**

Cuyahoga Community College engages in annual strategic and operational planning involving all levels of organization and resulting in key College Goals and directions for the year. This process provides a framework to advance the College's mission, vision and values with an emphasis on student success and a commitment to continuous improvement.



The College has Board approved policies to govern all aspects of its operations. To govern financial operations and decisions, the College has policies and procedures in the following areas: Finance, Investment, Debt, Procurement, Planning and Achievement, and Operations. These policies provide guidance for planning of resources and fiscal integrity. The College's Long-Range Plan strives to forecast the revenue and expenses for a five-year period in order to control expenses and yield a balanced budget. The Long-Range Plan models the College's performance based on different revenue and expense scenarios. Fiscal accountability is achieved through the measurement of the College's budget performance against its annual plan and trend analysis.

### **Budget Process**

The College's Board of Trustees adopts a budget for each Fiscal Year based on the Long-Range Plan and College Goals. The linking of the College Goals to measurable objectives is critical in responding effectively to the needs of the community. Under the direction of the President, major budget units are required to submit a comprehensive budget package to the College's Office of Systems, Budget & Management Support, including a full-time staffing plan, enrollment plan, and equipment requests.

The Office of Resource Development coordinates the restricted grants efforts and submits an overall restricted budget package and strategy to the Executive Vice Presidents for their review, approval, and submission to the President.

Auxiliary/quasi-auxiliary operations must also prepare a budget package. These operations are intended to be self-supporting. The revenue generated, based upon estimated enrollment or service levels, must be evaluated prior to the development of individual budgets. These operations are important since they allow the College to provide service to students and the community that the College may not otherwise be able to offer (e.g., book centers, food service, parking, and non-credit training).



As part of the budgeting process, allocations for capital projects are also reviewed. Proposed capital projects are assessed against the Academic and Facility Master Plan and Space Utilization Study approved by the Board of Trustees. Annually, the President and relevant staff review and prioritize project requests against resources available through internal funds, State capital appropriations, or financing.

Every other year, the College prepares and updates its six-year capital improvement program. This provides the basis for a State capital appropriation request submitted to the Ohio Board of Regents. The request identifies the projects proposed to be financed with State appropriations



and the purpose, priority, amount, and source of funds for these projects. The Regents and the General Assembly may approve, modify or decline aspects of the College's requested capital appropriation programs.

The Board of Trustees annually reviews internal budgets for general operating, auxiliary activities, as well as capital expenditures related to its plant renewal and replacements. The Board adopts the annual general operating and plant renewal and replacement budgets, based on the

recommendation of the President and Treasurer. The Board may, if appropriate, modify the budgets during the year to reflect revised expenditure or revenue projections for that Fiscal Year.

### **Financial Reporting**

The College's Enterprise Resource Planning (ERP) system is set up to automatically monitor and control budget compliance and adjustments. The ERP system will permit the College's Organizational Units to amend expenditure budgets as long as the changes do not exceed their original authority to spend granted by the Board of Trustees. If the College deems it necessary to exceed the Board of Trustees' original authority to spend due to ongoing operations or an extraordinary event then the following must occur: The additional spending must be approved by the Board of Trustees. Once approved, the College must submit a revised certificate of estimated resources to the Cuyahoga County Auditor.

On a monthly basis, the Treasurer presents a monthly financial package and narrative explanation to the Board for its review. That package includes a comparative statement of the College's operating revenues and expenditures, including information pertaining to restricted and special funds, as well as a schedule of investments.

### **Cash Management**

Ohio laws applicable to all community college districts govern investments and deposits of College funds. The Treasurer is responsible for those investments and deposits. Under recent and current practices, and adopted investment policies, investments are made in U.S. Treasury issuances, certificates of deposit, STAR Ohio (the State Treasurer's subdivision investment pool), and various fixed income and equity mutual funds.

## Risk Management

As part of the College's loss transfer techniques, the Department of Risk Management works with an licensed broker to obtain the following insurance coverages: Commercial Property, Commercial General Liability, Commercial Auto, Umbrella Liability, Excess Umbrella Liability, Commercial Crime, Educators Professional/Fiduciary Liability, Foreign Travel, Medical Professional Liability, Basic Athletic Injury, Catastrophic Athletic Injury and, Excess Worker Comp & Employers Liability insurance. Settled claims have not exceeded the limits of any of the policies listed for the past three years.

### Major Initiatives

Cuyahoga Community College's commitment to high quality, accessible, and affordable education – with an emphasis on student success and a commitment to continuous improvement – is respected in its mission, vision, values, and fiscal year 2008 strategic goals. These goals are:

- ✿ Develop and implement enrollment growth and retention strategies
- ✿ Enhance and institutionalize all student success measures College wide
- ✿ Initiate One College process and brand
- ✿ Advance institutional efficiencies and effectiveness to provide high-quality student/customer service
- ✿ Build strategic alliances to maximize student and community development

In order to achieve these goals, the College has implemented several initiatives, a few of which are described here.

## Academic & Facility Master Plan



Construction and building for Cuyahoga Community College occurred primarily in the 1960's and early 70's. The College realizes that many of its campus buildings and equipment will need to be renovated or replaced in the next 10 years. In addition, changes in population and society will require the College to build new facilities to meet the changing demand for Higher Education. With this in mind, the College completed a Ten-Year

Academic and Facility Master Plan. Major projects include the Center for Creative Arts on the Metropolitan Campus, a new Health Technologies Center on the Western Campus, and the purchase of land for expansion near the Eastern Campus.

## Academic Quality Improvement Program (AQIP)

Starting in April of 2004, the College has made the commitment to the Academic Quality Improvement Program (AQIP) for re-accreditation through the Higher Learning Commission. AQIP is a continuous quality improvement model and is an alternative to the traditional ten-year self study for reaccreditation through the Higher Learning Commission. There are nine criteria which determine whether an institution meets the Higher Learning Commission's expectations and standards. Overall, they ask: 1) if we are doing the right things (what is most important in order to achieve our College's goals); and 2) are we doing things right (satisfying the needs of those we serve efficiently and effectively).

## Achieving the Dream

The College was selected in 2005 to be a part of Achieving the Dream, the national multi-year initiative created to help more community college students succeed. It is built on the belief that broad institutional change—informed by student achievement data—is crucial to achieve this result. The initiative is particularly concerned about student groups that traditionally have faced significant barriers to success. Achieving the Dream works on multiple fronts including efforts at community colleges and in research, public engagement, and public policy. It emphasizes the use of data to drive change.



## One College

As part of the College's One College initiative, leadership continuously assesses the needs of the College in alignment with future directions and the available talent. Recently the decision was made to combine the duties of the Executive Vice President of Administration and the Executive Vice President of Finance and Business Services. This consolidation resulted in the newly formulated division of Administration and Finance. The College will be able to maximize the synergies of this re-structured Division through increased communications and teamwork opportunities. This re-structuring also resulted in significant savings that allow the College to enhance funding of direct services to students through various Student Success initiatives. The College is looking forward to expanding support services to students that may promote completion of their educational goals such as associate degree or certificate attainment.

## Strategic Alliances

Nine public colleges and universities in Northeast Ohio have engaged in a strategic alliance to determine the feasibility of developing and sustaining a common procurement organizational structure. The consulting firm of Ray Jensen and Associates has been contracted by the college and university group to fulfill the feasibility and recommendation portion of the project. The new procurement function would be expected to provide enhanced service to the nine institutions while achieving new cost savings through the aggregation of the purchasing power of the institutions, by jointly purchasing goods and services with other universities and state organizations and implementing best practices used by procurement functions both within and outside higher education.



In order to optimize the utilization of our ERP software and secure the utmost value from its capital investment, the College has negotiated a strategic partnership agreement with SunGard HE, which offers significant cost savings of nearly \$3.75 million on software and maintenance over the ten year contract period. This partnership is the first of its kind in the country and provides a methodology for alignment of people; redefines process and technology; commits to continuous process improvement; and gives the College input on new product development as well as a seat on SunGard's Advisory Committee. This new innovative partnership with



SunGard will place the College as a nationwide leader in the community college computing world and better align us with the College's mission and the Governor's Strategic Plan.

### **Awards and Acknowledgements**

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The CAFR must satisfy both accounting standards generally accepted in the United States of America and applicable legal requirements. We believe our current report conforms to the Certificate of Achievement requirements and we are submitting it to GFOA for consideration.

#### **Acknowledgements**

We wish to thank the members of the Board of Trustees for their support and guidance in conducting the financial operations of the College in a highly responsible manner.

The timely preparation of this comprehensive annual financial report was made possible by the continued dedication and service of the Cuyahoga Community College Administration and Finance Division.

Respectfully submitted,



Dr. Craig Foltin, CPA  
CFO/Treasurer  
Administration & Finance



Mark Polatajko, CPA  
Vice President  
Administration & Finance



*President*

**Jerry Sue Thornton, Ph.D.**



**CUYAHOGA COMMUNITY  
COLLEGE  
PRESIDENT & BOARD OF  
TRUSTEES**



*Chairman  
County Commissioner Appointment*

*Term Ends: 01/17/12*

**Jay Coury**



*Vice Chairman  
County Commissioner Appointment*

*Term Ends: 01/17/11*

**David W. Whitehead**



*County Commissioner Appointment*

*Term Ends: 01/16/10*

**Nadine H. Feighan**



*Governor Appointment*

*Term Ends: 10/12/12*

**K. Michael Benz**



*County Commissioner Appointment*

*Term Ends: 01/16/10*

**David Byrnes**



*County Commissioner Appointment*

*Term Ends: 01/17/12*

**Daniel A. Marcus**



*Governor Appointment*

*Term Ends: 10/12/12*

**Bruce D. Murphy**



*County Commissioner Appointment*

*Term Ends: 01/17/11*

**Carmen E. DeHaan**



*Governor Appointment*

*Term Ends: 10/12/08*

**Patricia Kennedy Scott**

**Cuyahoga Community College**  
**College Administration**

Dr. Craig Follins, *Executive Vice President, Workforce & Economic Development*

Dr. Craig Foltin, CPA, *Executive Vice President/Treasurer, Administration & Finance*

Dr. Jacquelyn Joseph-Silverstein, *Executive Vice President, Academic & Student Affairs*

Douglas Brattebo, *President, Corporate College*

Dr. Belinda Miles, *Campus President, College Vice President, Eastern Campus*

Dr. Michael Schoop, *Campus President, College Vice President, Metropolitan Campus*

Dr. Patricia Rowell, *Campus President, College Vice President, Western Campus*

Lawrence Miltner, *General Counsel, Office of Legal Services*

Terry Butler, *Vice President, Access and College Pathways*

Dr. Patricia Gray, *Vice President, Medical Education Programs*

Gerard Hourigan, *Interim Vice President, Information Technology Services*

Peter Mac Ewan, *Vice President, Facilities Development*

Sandra McKnight, *Vice President, Human Resources*

Dr. Patricia Mintz, *Vice President, Student Success*

Alan Moran, *Vice President, Marketing & Communications*

Gloria Moosmann, *Vice President, Resource Development and Executive Director, Foundation*

Mark Polatajko, CPA, *Vice President, Administration & Finance*

James Potantus, *Vice President, Corporate College*

Claire Rosacco, *Vice President, Government Affairs and Community Relations*

Thomas Schick, *Vice President, Enrollment Management*

Dr. Linda Simmons, *Vice President, Academic Affairs*

Dr. Jennifer Spielvogel, *Vice President, Planning and Institutional Effectiveness*

# CUYAHOGA COMMUNITY COLLEGE

## MISSION

To provide high quality, accessible and affordable educational opportunities and services — including university transfer, technical and lifelong learning programs — that promote individual development and improve the overall quality of life in a multicultural community.

## VISION

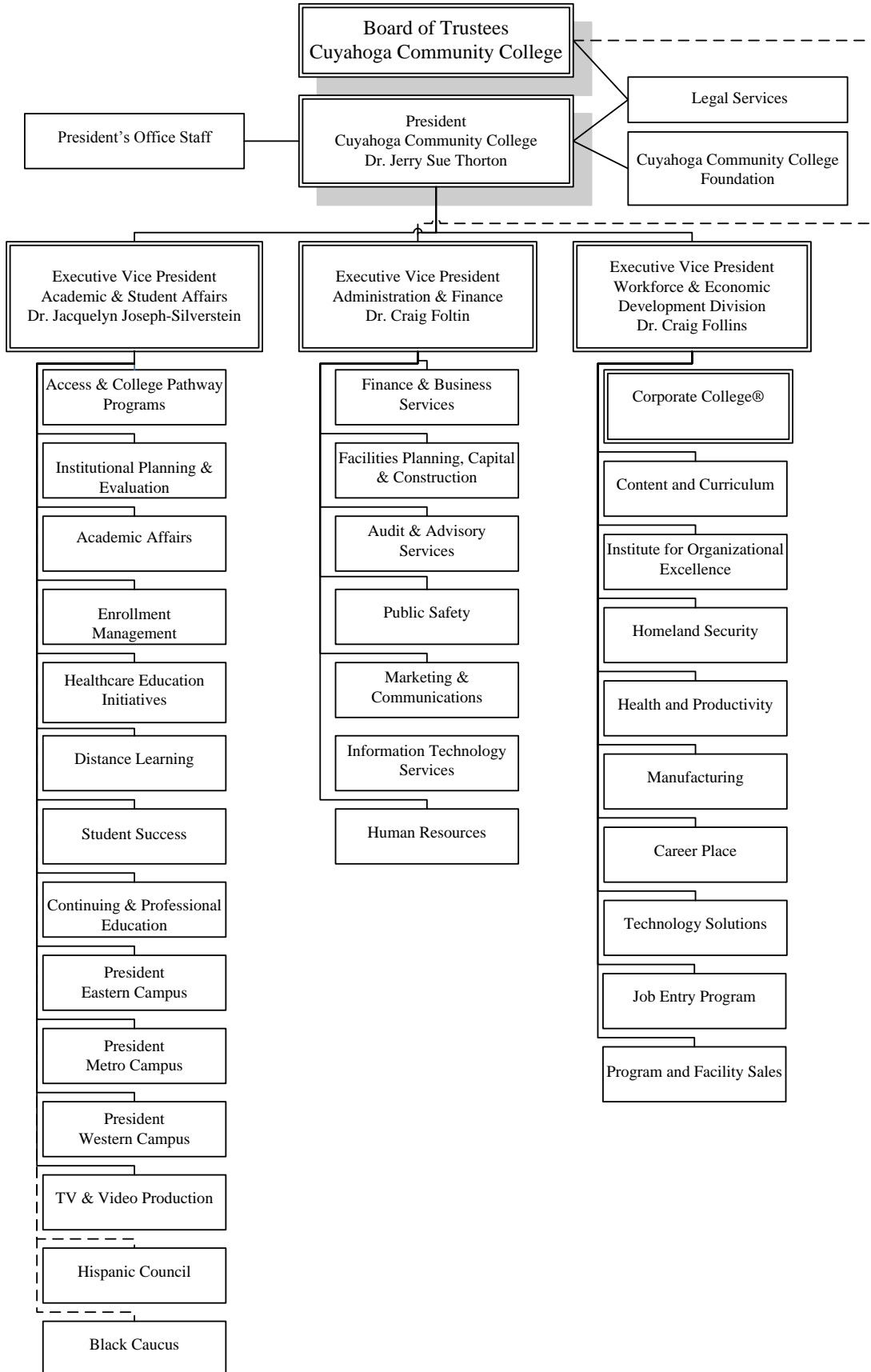
Cuyahoga Community College will be recognized as an exemplary teaching and learning community that fosters service and student success. The College will be a valued resource and leader in academic quality, cultural enrichment, and economic development characterized by continuous improvement, innovation, and community responsiveness.

## VALUES

To successfully fulfill the mission and vision, Cuyahoga Community College is consciously committed to diversity, integrity, academic excellence, and achievement of individual and institutional goals. We are dedicated to building trust, respect, and confidence among our colleagues, students, and the community.



# Cuyahoga Community College Organizational Chart



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# Financial Section

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Cuyahoga Community College  
Cleveland, Ohio

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Cuyahoga Community College (the "College") as of and for the years ended June 30, 2008 and 2007, which collectively comprise the College's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 business-type activities and the discretely presented component unit of the College at June 30, 2008 and 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2 - 9 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 addition, the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Maloney + Novotny LLC*

Cleveland, Ohio  
November 13, 2008



**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

The management's discussion and analysis of Cuyahoga Community College's (the College) financial performance provides an overall review of the College's financial activities for the fiscal years ended June 30, 2008 and 2007. The intent of this discussion and analysis is to look at the College's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the College's financial performance.

**FINANCIAL HIGHLIGHTS**

The College's financial position remains strong as we continue to exceed key targeted metrics.

<b>College Performance Metrics</b>				
	<b>Target</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<i>Primary Reserve Ratio</i>	>0.40x	0.45x	0.47x	0.42x
<i>Viability Ratio</i>	>0.60x	1.42x	2.04x	1.57x
<i>Net Income Ratio</i>	3%	4.6%	6.1%	3.5%
<i>Debt Burden Ratio</i>	<7%	1.7%	1.8%	1.9%
<i>Debt Service Coverage Ratio</i>	>3.13x	7.52x	8.13x	6.34x
<i>Return on Net Assets Ratio</i>	>4.43%	5.7%	8.2%	5.3%

- **Primary Reserve Ratio:** Provides a snapshot of the financial strength and flexibility by indicating how long the College could function using its expendable reserves without relying on additional net assets.
- **Viability Ratio:** Measures the financial health at a point in time. The ratio measures the availability of expendable net assets to cover debt.
- **Net Income Ratio:** Measures the financial performance in a given year.
- **Debt Burden Ratio:** Measures debt affordability by examining dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.
- **Debt Service Coverage Ratio:** Measures the excess of income over adjusted expenses available to cover annual debt service payments.
- **Return on Net Assets Ratio:** Determines whether the College is financially better off than in previous years by measuring total economic return. The ratio is based on the level and change in total net assets, regardless of asset classification.

As of June 30, 2008, the College's financial position remains strong with total assets of \$463.4 million. Net assets increased to \$272.8 million from \$257.3 million and \$236.1 million as of June 30, 2007 and 2006. The 2008 increase in net assets of \$15.5 million is \$5.6 million less than the 2007 increase of \$21.1 million but more than the \$12.5 million increase in 2006.

During 2008 the College issued an additional \$23 million of capital related debt (includes capital leases) while increasing capital assets, net by \$19.8 million. During 2007 no new debt was issued and capital assets, net, decreased by \$2.3 million. Operating revenues increased \$3.8 and \$3.7 million in 2008 and 2007 due mainly to increases in state and local contracts and grants. Enrollment has grown slightly since 2006 while operating expenses have continued to increase due to normal inflationary factors.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

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**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. The College follows the “business-type activities” reporting requirements that provide a comprehensive College-wide look at the College’s financial activities. The statements are:

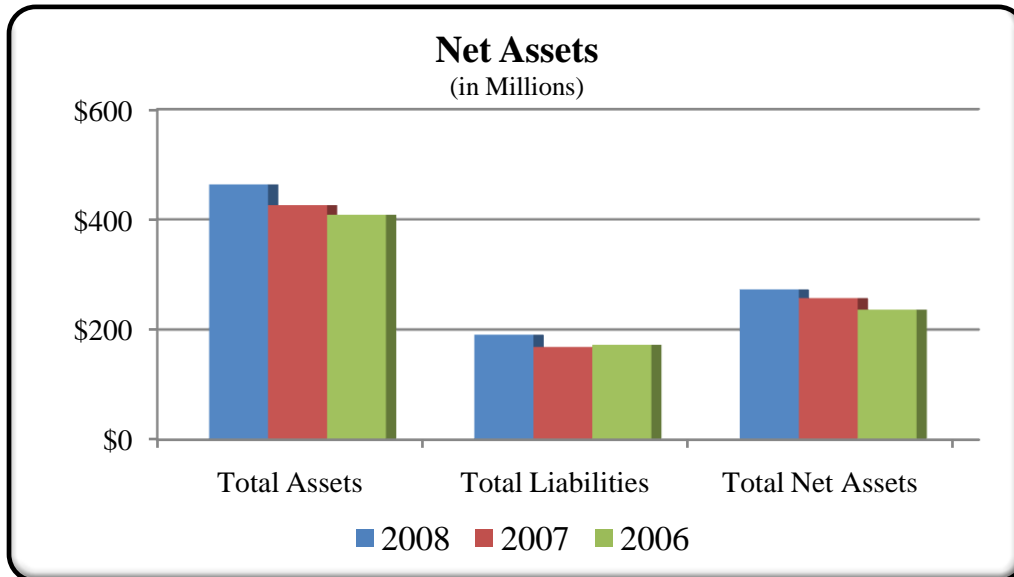
- Statements of Net Assets
- Statements of Revenues, Expenses, and Changes in Net Assets
- Statements of Cash Flows

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, 2008 and 2007, 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 ANALYSIS OF THE COLLEGE AS A WHOLE**

*Statement of Net Assets*

The Statement of Net Assets includes all assets and liabilities of the College using the accrual basis of accounting.



**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

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*Assets*

Total 2008 assets increased \$37.7 million (8.8%) from 2007 principally due to the following factors:

- Capital assets, net of accumulated depreciation, increased by \$19.8 million due to the addition of \$12.6 million of construction in progress, net, \$8.1 million in buildings and improvements other than building, \$5 million in other non-building related capital assets, net, and the acquisition of \$11 million in land; offset by \$16.8 million in depreciation expense, net.
- Restricted cash and cash equivalents increased by \$16.4 million because of various new escrowed capital leases while cash and investments increased by \$6.9 million, as more cash was available from current year operations.
- Property taxes receivable decreased \$3.8 million due to conservative county auditor estimates of property tax values and collections for 2008. Other receivables decreased by \$1 million as less state capital appropriations were due for funded projects.

Total 2007 assets increased \$17.4 million (4.3%) from 2006 principally due to the following factors:

- Cash and cash equivalents and investments increased \$20.1 million overall due to the deposit of current year earnings. There was a shift of the investment portfolio towards more current shorter term investments in reaction to market conditions.
- Capital assets, net of accumulated depreciation, decreased by \$2.3 million due to the addition of \$7.1 million in buildings and improvements, and the acquisition of \$7.5 million in non-building related capital assets, offset by \$16.9 million in depreciation expense.
- Property taxes receivable increased \$1.7 million due to an adjustment in the tax base and improved county auditor estimates of delinquent property tax collections. Accounts receivables decreased by \$3 million as less state capital appropriations were due for funded projects.

*Liabilities*

Total 2008 liabilities increased \$22.1 from 2007 million (13.1%) principally due to the following factors:

- Capital lease obligations increased \$18.4 million due to the College entering into fourteen new capital leases in 2008, totaling \$24.6 million, offset by \$6.1 million of principal payments in the ordinary course of business. (Energy conservation and efficiency building improvement leases totaled \$14.5 million and the AT&T Voice over IP lease was \$7.5 million.)
- General obligation bonded debt decreased by \$17.3 million while notes payable increased by the \$20.9 million Tax Anticipation Notes issued in 2008. The proceeds were used primarily to retire the Series B General Receipt Bonds. This activity resulted in a net increase of \$3.6 million.

Total 2007 liabilities decreased \$3.7 million (-2.2%) from 2006 principally due to the following factors:

- Capital lease obligations decreased \$4.6 million due to principal payments made in the ordinary course of business.
- Deferred property tax revenue increased by \$.9 million based upon favorable county auditor tax collection estimates.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

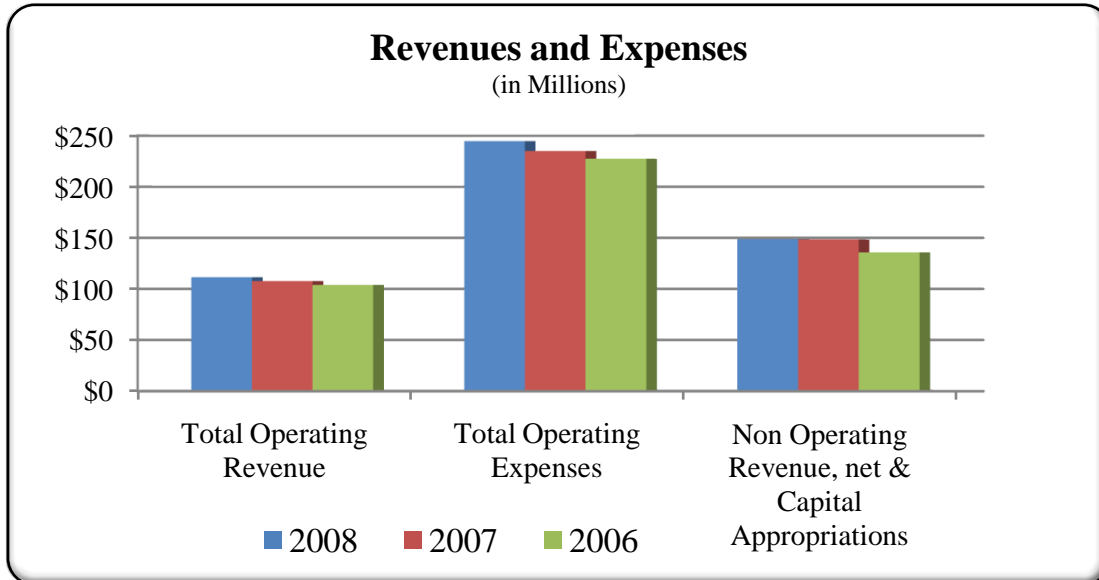
Condensed information from the College's statements of net assets follows:

	Net Assets (in Thousands)		
	2008	2007	2006
<b>Assets</b>			
Current Assets	\$211,299	\$203,105	\$174,818
Non-current Assets:			
Capital Assets, Net	219,198	199,404	201,683
Other	32,887	23,217	31,835
<i>Total Non-current Assets</i>	<i>252,085</i>	<i>222,621</i>	<i>233,518</i>
<i>Total Assets</i>	<i>463,384</i>	<i>425,726</i>	<i>408,336</i>
<b>Liabilities</b>			
Current Liabilities	128,679	107,157	106,079
Non-current Liabilities	61,916	61,318	66,114
<i>Total Liabilities</i>	<i>190,595</i>	<i>168,475</i>	<i>172,193</i>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	160,745	142,011	138,709
Restricted - Expendable	18,976	2,123	1,634
Unrestricted	93,068	113,117	95,800
<i>Total Net Assets</i>	<i>\$272,789</i>	<i>\$257,251</i>	<i>\$236,143</i>

***Statement of Revenues, Expenses and Changes in Net Assets***

The Statement of Revenues, Expenses and Changes in Net Assets present the operating results of the College, as well as the nonoperating revenues and expenses. Annual State appropriations and local property taxes, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*



*Operating Revenues*

Total 2008 operating revenues increased \$3.8 million (3.5%) from 2007 principally due to the following factors:

- The contract and grant revenue increase of \$2.8 million was the result of increased Pell and Direct Loans.
- Auxiliary enterprises consist of book centers, parking facilities, and food service increased \$.7 million. Revenues related to these operations are dependent on fluctuations in enrollment and pricing.

Total 2007 operating revenues increased \$3.7 million (3.6%) from 2006 principally due to the following factors:

- The contract and grant revenue increase of \$2.8 million overall was the result of state grants, such as Ohio College Opportunity Grant and Ohio Instructional Grant that increased \$1.2 million and local and private grants, and contracts which increased \$1.9 million.
- Other operating revenues consist of sales for services and miscellaneous revenues; such as non-credit instruction revenues and other fees collected by the Workforce and Economic Development Division, as well as Corporate College training, conferences, and facility rentals. Revenues related to these operations, which are dependent on fluctuations in enrollment and pricing, increased by \$.7 million.

*Operating Expenses*

Total 2008 operating expenses increased \$9.7 million (4.1%) from 2007 principally due to the following factors:

- Operating expense in most all categories increased by \$3.2 million due to scheduled salary increases

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

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and general increases in cost of benefits.

- Student aid expenses increased approximately \$4.6 million due to increased PELL and Direct Loan scholarship revenues and increased need.
- Institutional support increased \$2.7 million, primarily the net effect of increases in salaries and benefit costs as well as increased consulting costs.

Total 2007 operating expenses increased \$7.7 million (3.4%) from 2006 principally due to the following factors:

- Operating expense increased by \$5.9 million due to scheduled salary increases and general increases in cost of benefits in most expense categories especially instruction and departmental research, academic support, and operation of plant and maintenance.
- Student aid increased by \$.3 million due to increased scholarship revenues and, depreciation increased \$.3 million.
- The remainder of the increase in operating expenses was due to normal inflationary factors.

*Non-operating Revenues (Expenses)*

Total 2008 non-operating revenues (expenses) increased \$2.3 million (1.6%) from 2007 principally due to the following factors:

- State appropriations increased \$2.4 million due to Ohio House Bill No. 119 that was enacted to replace lost revenue caused by the State of Ohio's mandated tuition rate freeze. Property tax revenues increased \$1.5 million due to better than expected collections of delinquents previously estimated to be uncollectible by the county auditor.
- The decrease of \$1.7 million in investment income is attributable to the general decline in market interest rates.

Total 2007 non-operating revenues (expenses) increased \$11.3 million (8.6%) from 2006 principally due to the following factors:

- State appropriations increased \$1.9 million due to increased enrollment. Property tax revenues increased \$7 million due to the County Auditor property value reappraisal that took effect January 1, 2007.
- The increase of \$2.5 million in investment income is attributable primarily to increased investment principal available during the fiscal year combined with favorable interest rates on certain investments.

*State Capital Appropriations*

Total 2008 capital appropriations from the State of Ohio decreased \$1.9 million from the 2007 total that was \$1.2 million more than in 2006. 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. During 2007 there were more State funded projects than in 2008 and 2006.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

Condensed information from the College's statements of revenues, expenses and changes in net assets follows:

<b>Operating Revenues</b>			
Net Tuition and Fees	\$34,518	\$33,713	\$33,565
Contracts and Grants	58,211	55,384	52,603
Auxiliary Enterprises	11,250	10,572	10,456
Other	7,581	8,091	7,426
<i>Total Operating Revenue</i>	<u>111,560</u>	<u>107,760</u>	<u>104,050</u>
<b>Operating Expenses</b>			
Educational and General:			
Instruction and			
Departmental Research	63,172	62,211	58,209
Public Service	17,481	18,117	18,178
Academic Support	20,242	20,746	19,444
Student Services	18,682	18,280	18,097
Institutional Support	34,757	32,008	32,136
Operation and Maintenance			
of Plant	23,300	22,378	20,833
Student Aid	38,620	34,016	33,689
Depreciation	17,382	16,916	16,589
Auxiliary Enterprises	11,093	10,378	10,221
<i>Total Operating Expenses</i>	<u>244,729</u>	<u>235,050</u>	<u>227,396</u>
<i>Net Operating Loss</i>	<u>(133,169)</u>	<u>(127,290)</u>	<u>(123,346)</u>
<b>Non-operating Revenues (Expenses)</b>			
State Appropriations	61,611	59,175	57,313
Property Taxes	81,888	80,402	73,389
Investment Income, Net	4,367	6,015	3,549
Other Revenues (Expenses)	(2,517)	(2,498)	(2,483)
<i>Total Non-operating Revenues (Expenses)</i>	<u>145,349</u>	<u>143,094</u>	<u>131,768</u>
Income before State Capital Appropriations	12,180	15,804	8,422
<i>State Capital Appropriations</i>	<u>3,358</u>	<u>5,304</u>	<u>4,070</u>
<i>Increase in Net Assets</i>	15,538	21,108	12,492
<i>Net Assets - Beginning of Year</i>	<u>257,251</u>	<u>236,143</u>	<u>223,651</u>
<i>Net Assets - End of Year</i>	<u>\$272,789</u>	<u>\$257,251</u>	<u>\$236,143</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Management's Discussion and Analysis*  
*For the Fiscal Years Ended June 30, 2008 and 2007*  
*Unaudited*

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The College's net capital assets totaled \$219.2 million, \$199.4 million, and \$201.7 million as of June 30, 2008, 2007, and 2006. The College uses State capital appropriations, internal resources including debt proceeds, gifts, and other grants for the acquisition of capital assets. State capital appropriations are budgeted on a biennium basis and are predominantly based on the respective institutions' enrollment, size, and age of facilities. During fiscal year 2008, the College's capital assets additions totaled \$37.2 million and depreciation expense was \$17.4 million. Additional information on the College's capital assets may be found in Note 4 of the financial statements.

The College's debt, which is all capital related, is comprised of 2002 Series A Ohio General Receipts Bonds (*Aaa Rated*), Tax Anticipation Notes (*MIG 1 rated*), and capital lease obligations. The College maintains excellent debt ratings from Moody's Investors Service. During fiscal year 2008, the College added \$24.6 million in capital lease liabilities, and paid \$6.1 million in capital lease commitments. The legal debt service margins as of June 30, 2008, 2007, and 2006 are \$54.4 million, \$52.8 million, and \$48.1 million. During 2008, the College established a debt procedure to guide the issuance of debt. The debt procedure outlines performance metrics targets and establishes internal procedures for debt issuance and debt management. The targets were based on median benchmark scores from Moody's Investor Service and the Higher Learning Commission's Strategic Financial Analysis for Higher Education. Additional information on the College's debt may be found in Notes 11, 12, and 13 of the financial statements.

**FACTORS IMPACTING FUTURE PERIODS**

State appropriations, property taxes, student tuition and fees, and federal grants and contracts comprise the College's principal revenue sources and support the College's operational needs and its abilities to expand programs and pursue other initiatives. The viability of each of these four critical revenue components is highly dependent on variables external to the College such as enrollment trends, local and state economic conditions, federal, state and local legislative actions, County voter sentiment, and others. The College's ability to manage fluctuations within these revenue sources, as well as potential increases in costs of energy and employee benefits, will be vital to its continued success. The College's management utilizes performance metrics which are indicators of financial strength that enable the College to balance fiduciary responsibility and achieving the mission, vision and values.

**CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Robert Gerber, Director of Audit & Advisory Services for the Cuyahoga Community College, 700 Carnegie Avenue, Cleveland, Ohio 44115 or email at [Robert.Gerber@tri-c.edu](mailto:Robert.Gerber@tri-c.edu).



**Cuyahoga Community College**

*Cuyahoga County, Ohio*

*Statements of Net Assets*

*June 30, 2008 and 2007*

	2008 Cuyahoga Community College	2007 Cuyahoga Community College	2008 Component Unit CCC Foundation	2007 Component Unit CCC Foundation
<b>Current Assets:</b>				
Cash and Cash Equivalents (Note 2)	\$78,836,193	\$98,025,136	\$5,148	\$194,869
Investments (Note 2)	32,773,005	290,884	0	0
Property Taxes Receivable	74,770,254	78,571,882	0	0
Accounts Receivables, Net (Note 3)	16,281,578	17,795,701	1,502,748	2,190,504
Restricted Receivables (Note 3)	3,826,144	3,292,834	0	0
Inventories (Note 1)	1,802,799	2,154,512	0	0
Other Assets	3,009,345	2,974,187	0	0
<i>Total Current Assets</i>	<u>211,299,318</u>	<u>203,105,136</u>	<u>1,507,896</u>	<u>2,385,373</u>
<b>Noncurrent Assets:</b>				
Restricted Cash and Cash Equivalents (Note 1)	16,661,488	253,021	4,772,698	2,794,416
Restricted Investments (Note 18)	0	0	16,850,103	18,117,527
Investments	15,512,153	21,933,655	0	0
Other Assets	712,656	1,029,757	0	0
Capital Assets, Not Being Depreciated (Note 4)	36,705,180	13,088,398	0	0
Capital Assets, Net of Depreciation (Note 4)	182,493,168	186,315,833	0	0
<i>Total Noncurrent Assets</i>	<u>252,084,645</u>	<u>222,620,664</u>	<u>21,622,801</u>	<u>20,911,943</u>
<i>Total Assets</i>	<u>463,383,963</u>	<u>425,725,800</u>	<u>23,130,697</u>	<u>23,297,316</u>
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities (Note 5)	12,762,548	10,747,377	727,161	777,597
Liabilities Payable from Restricted Assets (Note 5)	1,511,615	1,423,147	0	0
Deferred Property Tax Revenue	68,320,253	72,611,354	0	0
Deferred Revenue	15,921,462	14,423,274	0	0
Capital Lease Obligations (Note 11)	6,222,756	4,706,634	0	0
Tax Anticipation Notes (Note 12)	20,932,655	0	0	0
General Receipt Bonds - current portion	620,000	1,030,000	0	0
Claims and Other Liabilities - current portion	1,482,965	1,277,632	0	0
Compensated Absences - current portion	904,330	937,391	0	0
<i>Total Current Liabilities</i>	<u>128,678,584</u>	<u>107,156,809</u>	<u>727,161</u>	<u>777,597</u>
<b>Noncurrent Liabilities:</b>				
Capital Lease Obligations (Note 11)	25,083,262	8,160,488	0	0
General Receipt Bonds (Note 13)	26,591,243	43,496,087	0	0
Compensated Absences (Note 14)	6,313,088	6,237,992	0	0
Claims and Other Liabilities (Note 10)	3,928,372	3,423,157	0	0
<i>Total Noncurrent Liabilities</i>	<u>61,915,965</u>	<u>61,317,724</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>190,594,549</u>	<u>168,474,533</u>	<u>727,161</u>	<u>777,597</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	160,745,108	142,011,022	0	0
Restricted:				
Nonexpendable (Note 18)	0	0	2,420,331	2,275,951
Expendable (Note 1)	18,976,017	2,122,708	19,978,057	20,048,899
Unrestricted	93,068,289	113,117,537	5,148	194,869
<i>Total Net Assets</i>	<u>\$272,789,414</u>	<u>\$257,251,267</u>	<u>\$22,403,536</u>	<u>\$22,519,719</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Statements of Revenues, Expenses, and Changes in Net Assets*  
*For the Fiscal Years Ended June 30, 2008 and 2007*

	2008 Cuyahoga Community College	2007 Cuyahoga Community College	2008 Component Unit CCC Foundation	2007 Component Unit CCC Foundation
<b>Operating Revenues:</b>				
Student Tuition and Fees (Net of scholarship allowances of \$11,495,466 in 2008 and \$11,648,384 in 2007)	\$34,518,171	\$33,712,868	\$0	\$0
Federal Grants and Contracts	47,418,529	44,695,371	0	0
State Grants and Contracts	7,626,956	7,862,316	0	0
Local Grants and Contracts	31,525	130,802	0	0
Private Grants and Contracts	3,133,786	2,695,027	2,605,828	2,448,368
Sales and Services	5,630,741	6,776,166	0	0
Auxiliary Enterprises	11,250,214	10,571,936	0	0
Other Operating Revenues	1,950,413	1,314,950	1,447,813	1,124,329
<i>Total Operating Revenues</i>	<u>111,560,335</u>	<u>107,759,436</u>	<u>4,053,641</u>	<u>3,572,697</u>
<b>Operating Expenses:</b>				
Educational and General:				
Instruction and Departmental Research	63,171,889	62,210,536	0	0
Public Service	17,480,870	18,117,115	0	0
Academic Support	20,242,034	20,745,973	0	0
Student Services	18,682,362	18,280,795	0	0
Institutional Support	34,756,751	32,008,312	2,772,961	2,784,046
Operation and Maintenance of Plant	23,300,118	22,377,492	0	0
Student Aid	38,620,140	34,015,524	745,634	534,363
Depreciation	17,381,801	16,916,087	0	0
Auxiliary Enterprises	11,093,337	10,377,572	0	0
<i>Total Operating Expenses</i>	<u>244,729,302</u>	<u>235,049,406</u>	<u>3,518,595</u>	<u>3,318,409</u>
<i>Operating Income (Loss)</i>	<u>(133,168,967)</u>	<u>(127,289,970)</u>	<u>535,046</u>	<u>254,288</u>
<b>Non-Operating Revenues (Expenses):</b>				
State Appropriations	61,610,659	59,175,060	0	0
Property Taxes	81,887,751	80,402,430	0	0
Unrestricted Investment Income (Net of Investment Expenses of \$67,352 in 2008 and \$10,001 in 2007)	4,367,075	6,015,587	0	0
Restricted Investment Income (Deficit)	287,440	27,284	(651,229)	3,344,661
Interest on Capital Debt	(2,698,532)	(2,502,193)	0	0
Other Revenues (Expenses)	(104,907)	(23,693)	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>145,349,486</u>	<u>143,094,475</u>	<u>(651,229)</u>	<u>3,344,661</u>
<i>Income (Loss) Before State Capital Appropriations</i>	12,180,519	15,804,505	(116,183)	3,598,949
State Capital Appropriations	3,357,628	5,304,243	0	0
<i>Changes in Net Assets</i>	15,538,147	21,108,748	(116,183)	3,598,949
<i>Net Assets Beginning of Year</i>	<u>257,251,267</u>	<u>236,142,519</u>	<u>22,519,719</u>	<u>18,920,770</u>
<i>Net Assets End of Year</i>	<u>\$272,789,414</u>	<u>\$257,251,267</u>	<u>\$22,403,536</u>	<u>\$22,519,719</u>

See accompanying notes to the basic financial statements

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Statements of Cash Flows*  
*For the Fiscal Years Ended June 30, 2008 and 2007*

	2008	2007
	Cuyahoga Community College	Cuyahoga Community College
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities:</b>		
Student Tuition and Fees	\$31,631,676	\$32,351,884
Grants and Contracts	57,602,297	59,092,242
Sales and Services	8,103,154	8,574,514
Auxiliary Enterprises	11,233,456	10,566,309
Employee and Related Payments	(134,223,850)	(130,030,946)
Supplier and Vendor Payments	(49,865,410)	(53,327,637)
Payments for Scholarships	(34,299,610)	(34,464,767)
<i>Net cash provided by (used for) operating activities</i>	<u>(109,818,287)</u>	<u>(107,238,401)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Property Tax Receipts	81,398,279	79,524,804
State Appropriations	61,610,659	59,175,060
Other Receipts (Payments)	240,280	135,020
<i>Net cash provided by (used for) noncapital financing activities</i>	<u>143,249,218</u>	<u>138,834,884</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
State Capital Appropriations	5,232,051	3,683,437
Proceeds from Capital Debt and Leases	37,337,472	0
Proceeds from Sale of Capital Asset	32,270	0
Bond Issue Costs	(57,985)	(29,845)
Purchases of Capital Assets	(30,136,005)	(14,398,562)
Principal paid on Capital Debt and Leases	(23,417,603)	(5,790,304)
Interest Paid on Capital Debt and Leases	(2,417,317)	(2,502,193)
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>(13,427,117)</u>	<u>(19,037,467)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sales and Maturities of Investments	11,249,929	30,195,724
Purchases of Investments	(37,460,019)	(11,428,450)
Investment Income	3,425,800	5,626,879
<i>Net cash provided by (used for) investing activities</i>	<u>(22,784,290)</u>	<u>24,394,153</u>
<i>Net change in Cash and Cash Equivalents</i>	(2,780,476)	36,953,169
<i>Cash and Cash Equivalents - beginning of year</i>	<u>98,278,157</u>	<u>61,324,988</u>
<i>Cash and Cash Equivalents - end of year</i>	<u><u>\$95,497,681</u></u>	<u><u>\$98,278,157</u></u>

(continued)

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Statement of Cash Flows (continued)*  
*For the Fiscal Years Ended June 30, 2008 and 2007*

	2008 Cuyahoga Community College	2007 Cuyahoga Community College
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>		
Operating Income (Loss)	(\$133,168,967)	(\$127,289,970)
Adjustments:		
Depreciation expense	17,381,801	16,916,087
<i>(Increase) Decrease in Assets:</i>		
Receivables, net	980,813	3,011,448
Inventories	351,713	(520,172)
Other Assets	281,943	(362,437)
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable and Accrued Liabilities	2,103,639	235,250
Deferred Revenues	1,498,188	(393,490)
Compensated Absences	42,035	186,552
Claims and Other Liabilities	710,548	978,331
<i>Net cash provided by (used for) operating activities</i>	<u>(\$109,818,287)</u>	<u>(\$107,238,401)</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>		
Cash and Cash Equivalents	\$78,836,193	\$98,025,136
Restricted Cash and Cash Equivalents-Noncurrent	16,661,488	253,021
Total Cash and Cash Equivalents at Year End	<u>\$95,497,681</u>	<u>\$98,278,157</u>

**Non-Cash Capital Activities:**

For the years ended June 30, 2008 and 2007 the College purchased \$8,194,823 and \$238,757 of capital assets from capital leases.

See accompanying notes to the basic financial statements

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Note 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. 14, *The Financial Reporting Entity*, the College is a related organization because Cuyahoga County Board of Commissioners appoints a majority of its board members; however, it is legally separate, and is fiscally independent of other state and local governments. The College is geographically co-extensive with Cuyahoga County but it does not meet the definition of a component unit.

The College is governed by a nine member Board. Six trustees are appointed by the Board of Cuyahoga County Commissioners and three by the Governor of the State of Ohio. A President and Treasurer are appointed by the Board of Trustees to oversee day to day operations and to ensure the fiscal control of the resources of the College.

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

Component units are legally separate organization for which the College is financially accountable or for which the nature and significance of their relationship with the College are such that exclusion would cause the College’s financials to be misleading or incomplete.

The component unit columns in the financial statements identifies the financial data of the College's 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 and is presented as a discrete component unit in the accompanying financial statements in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. It is reported separately to emphasize that it is legally separate from the College. During the years 2008 and 2007 the Foundation made distributions of approximately \$2.9 million and \$2.7 million to the College for restricted and unrestricted purposes. Complete financial statements may be obtained from the Foundation office at 700 Carnegie Avenue, Cleveland, Ohio 44115.

**A. 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. The College follows the “business-type activities’ reporting requirements of GASB Statement No. 34. In accordance with GASB Statement No. 34, the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows are reported on a College-wide basis.

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.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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***B. Basis of Accounting***

***Revenues – Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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 Sharing Nonexchange Revenues (an amendment of GASB Statement No. 33)*, are deferred.

***Expenses*** On the accrual basis of accounting, expenses are recognized when they are incurred.

***C. Cash Equivalents***

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

***D. Investments***

Investments are stated at fair value, based on published market quotations. The College does not invest in derivatives. Investments with maturities of less than one year are considered short term.

***E. Inventories***

Inventories consist of good held for resale and 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.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**F. 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. Library books are purchased and recorded as a composite group of similar assets according to the limits below. When property is sold or otherwise disposed of, the carrying value of such assets is removed from the accounts. All depreciation is calculated using the straight-line method over the estimated useful life of the asset and is presented as a separate functional expense category. 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 estimated useful lives used to compute depreciation and capitalization limits are as follows:

	Estimated Useful Lives	Capitalization Limits
Buildings	40 years	\$100,000
Building improvements	15 years	5,000
Improvements other than buildings	20 years	100,000
Library books	5 years	5,000
Moveable equipment	5 - 10 years	5,000

**G. Compensated Absences**

Full time employees receive paid time off for vacation, illness, and personal reasons. Time is accrued on a fiscal year basis. The amount of time accrued plus the amount of unused leave that can be carried over into the next fiscal year is dependent on the employee's job classification. Compensated absences, including unpaid vacation and sick leave are accrued to conform to GASB Statement No. 16, *Accounting for Compensated Absences*, using the vesting method. See note 14 for more information.

**H. Net Asset Classifications**

In accordance with GASB Statement No. 34 guidelines, the College's resources are classified into the following net assets 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.

*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.

The College first applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net assets are available.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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***I. Operating Revenues and Expenses***

All revenues from tuition and programmatic sources are considered to be operating revenues. Operating expenses include educational costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including state appropriations, property tax revenues, investment income, and interest on capital asset-related debt, are reported as nonoperating revenues and expenses.

***J. 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 the financial statements. Actual results could differ from those estimates.

***K. Reclassifications***

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

***L. Scholarship Allowances***

Scholarship allowances represent the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the College, are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses, and changes in net assets.

***M. New Accounting Pronouncements***

For fiscal year 2008, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB No. 50, "Pension Disclosures". The implementation of these statements did not result in any changes to the financial statements.

***N. Restricted Net Assets***

Restricted net assets of the College whose use has been limited to a specific time period or purpose are available for the following uses at June 30:



**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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	2008	2007
Instruction	\$94,429	\$18,112
Academic Support	1,083,989	817,243
Student Services	159,055	78,834
Institutional Support	15,906	18,827
Physical Plant Admin	3,287	3,287
Student Aid	948,863	895,884
Other	293,812	290,521
Capital Projects	16,376,676	0
	\$18,976,017	\$2,122,708

***O. Restricted Cash and Cash Equivalents***

The College has unspent capital lease proceeds of \$16,376,676 at June 30, 2008 whose use has been externally restricted primarily for two significant energy efficiency building improvements and a communication system. \$284,812 and \$253,021 is restricted for other miscellaneous purposes as of June 30, 2008 and 2007.

**Note 2 – Deposits and Investments**

Ohio law provides that deposits may be placed in eligible banks or trust companies designated by the College. Such banks and trust companies shall furnish security for every such deposit as is required by Ohio Revised Code (ORC) section 135.18. Each public depository in which the College places deposits must pledge eligible securities of aggregate market value equal to the excess amount of deposits not insured by the Federal Depository Insurance Corporation (FDIC).

The College's investment policy is governed by State statues and authorizes the College to invest in securities of the U.S. government or of its agencies or instrumentalities, the Treasurer of State's pooled investment program (STAROhio), obligations of this State or any of its political subdivisions, certificates of deposit of any national bank located in Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, bankers acceptances which are eligible for repurchase by the federal reserve system, other equity mutual fund investments, and various fixed income investments.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 40, "*Deposit and Investment Risk Disclosures.*"

***Deposits*** – Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the College will be unable to recover the value of deposits or collateral securities that are in the possession of an outside party. The College's policy for deposits requires any balance not covered by depository insurance to be collateralized by the financial institution with eligible pledged securities. Of the June 30, 2008 and 2007 bank balances of \$15,351,352 and \$7,030,745, \$500,000 and \$300,000 were covered by federal depository insurance, and the remaining \$14,851,352 and \$6,730,745 was covered by pledged securities held by the financial institution's trust department or agent in the name of the College.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Investments** As of June 30, 2008 and 2007, the College's investments were as follows:

	2008 Maturity			Total
	Six Months and Less	More Than Six Months But		
		Less Than One Year	More Than One Year	
Treasury Notes	\$4,930,338	\$7,801,821	\$15,512,153	\$28,244,312
Money Markets	20,681,037	0	0	20,681,037
Equity Mutual Funds	13,148,076	0	0	13,148,076
Taxable Bond Funds	6,892,770	0	0	6,892,770
STAROhio	61,962,387	0	0	61,962,387
<b>Total</b>	<b>\$107,027,866</b>	<b>\$7,801,821</b>	<b>\$15,512,153</b>	<b>\$130,341,840</b>

	2007 Maturity			Total
	Six Months and Less	More Than Six Months But		
		Less Than One Year	More Than One Year	
Treasury Notes	\$0	\$0	\$21,933,655	\$21,933,655
Money Markets	9,091,398	0	0	9,091,398
Equity Mutual Funds	290,884	0	0	290,884
STAROhio	80,801,721	0	0	80,801,721
<b>Total</b>	<b>\$90,184,003</b>	<b>\$0</b>	<b>\$21,933,655</b>	<b>\$112,117,658</b>

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the College's investment policy requires that funds be invested primarily in diversified short-term investments maturing within five years from the date of purchase and that the College's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** It is College policy to invest in strict adherence to ORC section 3354.10 (B), whereby eligible funds may be invested according to the provisions of ORC section 3345.05 only in high quality investments rated at least Baa/BBB by a major rating agency. STAROhio and the money markets carry a rating of AAAM by Standard and Poor's for 2008 and 2007. The taxable bond fund is rated AAA/5 Star by MorningStar for 2008. The equity mutual funds are not rated. Treasury notes are risk free.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Concentration of Credit Risk** The College investment policy requires the portfolio to be diversified. The following is the College's allocation as of June 30:

<u>Investment</u>	<u>2008</u>		<u>2007</u>	
Treasury Notes	21.57	%	19.56	%
Money Markets	15.80		8.11	
Equity Mutual Funds	10.04		0.26	
Taxable Bonds	5.26		0	
STAROhio	47.33		72.07	

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following as of June 30:

	<u>2008</u>	<u>2007</u>
Tuition and fees receivable	\$19,816,857	\$18,856,320
Allowance for doubtful accounts	(\$5,297,843)	(\$6,281,193)
	<u>14,519,014</u>	<u>12,575,127</u>
Grants receivable	1,352,293	1,483,410
State capital appropriations receivable	78,675	1,953,099
Interest receivable	153,880	264,661
Other receivables	<u>177,716</u>	<u>1,519,404</u>
Totals	<u>\$16,281,578</u>	<u>\$17,795,701</u>

All receivables are expected to be collected in full within one year except certain tuition and fees receivables; therefore, an allowance for doubtful accounts has been established. The College has restricted receivables, primarily grant related, of \$3,826,144 and \$3,292,834 as of June 30, 2008 and 2007.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Note 4 – Capital Assets**

Capital asset activity for the years ended June 30, 2008 and 2007 was as follows:

	Balance July 1, 2007	Additions	Disposals	Balance June 30, 2008
<b>Non-depreciable capital assets:</b>				
Land	\$5,656,855	\$11,017,466	\$0	\$16,674,321
Construction in progress	7,431,543	12,599,316	0	20,030,859
<i>Total non-depreciable</i>	<u>13,088,398</u>	<u>23,616,782</u>	<u>0</u>	<u>36,705,180</u>
<b>Depreciable capital assets:</b>				
Buildings	191,063,842	5,480,362	0	196,544,204
Building improvements	96,260,805	0	0	96,260,805
Improvements other than buildings	34,451,007	2,581,847	0	37,032,854
Library books	1,033,160	187,499	178,856	1,041,803
Moveable equipment	74,658,833	5,415,434	470,152	79,604,115
<i>Total depreciable</i>	<u>397,467,647</u>	<u>13,665,142</u>	<u>649,008</u>	<u>410,483,781</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	74,999,975	4,842,042	0	79,842,017
Building improvements	51,285,641	4,654,354	0	55,939,995
Improvements other than buildings	26,444,493	1,321,405	0	27,765,898
Library books	544,059	173,091	178,856	538,294
Moveable equipment	57,877,646	6,390,909	364,146	63,904,409
<i>Total accumulated depreciation</i>	<u>211,151,814</u>	<u>17,381,801</u>	<u>543,002</u>	<u>227,990,613</u>
<i>Total depreciable capital assets, net</i>	<u>186,315,833</u>	<u>(3,716,659)</u>	<u>106,006</u>	<u>182,493,168</u>
<i>Total capital assets, net</i>	<u>\$199,404,231</u>	<u>\$19,900,123</u>	<u>\$106,006</u>	<u>\$219,198,348</u>

	Balance July 1,2006	Additions	Disposals	Balance June 30,2007
<b>Non-depreciable capital assets:</b>				
Land	\$5,656,855	\$0	\$0	\$5,656,855
Construction in progress	6,450,206	981,337	0	7,431,543
<i>Total non-depreciable</i>	<u>12,107,061</u>	<u>981,337</u>	<u>0</u>	<u>13,088,398</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Depreciable capital assets:**

Buildings	189,542,946	1,520,896	0	191,063,842
Building improvements	90,630,197	5,630,608	0	96,260,805
Improvements other than buildings	30,482,865	3,968,142	0	34,451,007
Library books	1,061,410	210,293	238,543	1,033,160
Moveable equipment	72,790,540	2,326,043	457,750	74,658,833
<i>Total depreciable</i>	<u>384,507,958</u>	<u>13,655,982</u>	<u>696,293</u>	<u>397,467,647</u>

**Less Accumulated Depreciation:**

Buildings	70,187,526	4,812,449	0	74,999,975
Building improvements	46,876,016	4,409,625	0	51,285,641
Improvements other than buildings	25,378,764	1,065,729	0	26,444,493
Library books	614,845	167,757	238,543	544,059
Moveable equipment	51,874,674	6,460,527	457,555	57,877,646
<i>Total accumulated depreciation</i>	<u>194,931,825</u>	<u>16,916,087</u>	<u>696,098</u>	<u>211,151,814</u>

<i>Total depreciable capital assets, net</i>	<u>189,576,133</u>	<u>(3,260,105)</u>	<u>195</u>	<u>186,315,833</u>
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<i>Total capital assets, net</i>	<u>\$201,683,194</u>	<u>(\$2,278,768)</u>	<u>\$195</u>	<u>\$199,404,231</u>
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**Note 5 – Accounts Payable and Accrued Liabilities**

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

	<u>2008</u>	<u>2007</u>
Accounts payable	\$8,259,084	\$6,944,507
Payroll and fringe liabilities	<u>4,503,464</u>	<u>3,802,870</u>
Total	<u>\$12,762,548</u>	<u>\$10,747,377</u>

Included as part of accounts payable is accrued interest payable of \$388,893 and \$107,678 at June 30, 2008 and 2007 respectively.

Liabilities payable from restricted assets, primarily grant related, of \$1,511,615 and \$1,423,147 as of June 30, 2008 and 2007 includes \$644,173 and \$344,366 of accounts payable and \$867,442 and \$1,078,781 of payroll and fringe liabilities for 2008 and 2007, respectively.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**Note 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. State funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission ("OPFC").

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 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.

**Note 7 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the College's fiscal year runs from July through June. First half tax collections are received by the College in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in Cuyahoga County. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. The tangible personal property tax is being phased out – the assessment percentages for all property including inventory for 2008 and 2007 are 6.25 and 12.75 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the College prior to June 30.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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The College receives property taxes from Cuyahoga County. The County Auditor periodically advances to the College its portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and 2007 and for which there is an enforceable legal claim. The remaining portion of the receivable is offset by a credit to deferred revenue.

## **Note 8 - Defined Benefit Pension Plans**

### ***A. Ohio Public Employees Retirement System***

Plan Description – The College participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. . For the fiscal year ended June 30, 2006 through the period of December 31, 2006, the contribution rate was 9 percent for members in the state and local classification. Effective January 1, 2007 and January 1, 2008, their contribution rate increased to 9.5 percent and 10 percent, respectively. For law enforcement members, their contribution rate was 10.10 percent for the fiscal years ending June 30, 2008, 2007 and 2006.

The College's contribution rate for members in state and local classifications for the fiscal year ended June 30, 2006 through the period of December 31, 2006 was 13.70 percent. Effective January 1, 2007 and January 1, 2008, the contribution rate increased to 13.85 percent and 14.0 percent respectively. The College's contribution rate for law enforcement members for the fiscal year ended June 30, 2006 through the period of December 31, 2006 was 16.93 percent. Effective January 1, 2007 and January 1, 2008, the contribution rate increased to 17.17 percent and 17.40 percent, respectively. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the College of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The College's required contributions for pension obligations to the traditional and combined plans for the fiscal years ended June 30, 2008, 2007, and 2006 were \$7,345,400, \$7,574,900, and \$6,606,000 respectively;

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

95.73 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. As of June 30, 2007, 96 .0 percent had been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the Member-Directed and Combined plans for fiscal year 2008 were \$363,682 made by the College and \$254,550 made by the plan members. Contributions to the Member-Directed and Combined plans for fiscal year 2007 were \$316,255 made by the College and \$211,844 made by the plan members.

***B. State Teachers Retirement System***

Plan Description - The College participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal years ended June 30, 2008, June 30, 2007 and June 30, 2006, , plan members were required to contribute 10 percent of their annual covered salaries. The College was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations for each of the fiscal years. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The College's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,300,700, \$6,106,000, and \$6,092,500 respectively; 95.48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. As of June 30, 2007, 96 .0 percent had been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2008 were \$409,222 made by the College and



**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

\$292,301 made by the plan members. Contributions to the DC and Combined Plans for fiscal year 2007 were \$378,898 made by the College and \$270,641 made by the plan members.

***C. Alternative Retirement Plan***

Plan Description – 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 and 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 investments managers. The ARP is self directed and is not maintained by the College.

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 Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the fiscal years ended June 30, 2008, 2007 and 2006, 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 College’s required contributions for pension obligations to the plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$781,000, \$636,000, and \$691,000 respectively; 96.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Note 9 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. The College's contribution rate for members in state and local classifications for the fiscal year ended June 30, 2006 through the period of December 31, 2006 was 13.70 percent. Effective January 1, 2007 and January 1, 2008, the contribution rate increased to 13.85 percent and 14.0 percent respectively. The College's contribution rate for law enforcement members for the fiscal year ended June 30, 2006 through the period of December 31, 2006 was 16.93 percent. Effective January 1, 2007 and January 1, 2008, the contribution rate increased to 17.17 percent and 17.40 percent, respectively. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 4.5 percent of covered payroll from January 1, 2006 through December 31, 2006, 5.00 percent of covered payroll from January 1 through June 30, 2007, 6.00 percent from July 1 through December 31, 2007 and 7 percent of covered payroll effective January 1, 2008..

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payments amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The College's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2008, 2007, and 2006 were \$3,237,795, \$3,284,000 and \$2,906,000 respectively; 95.73 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***B. State Teachers Retirement System***

The College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio, (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. STRS is funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2008 and 2007, respectively, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The College's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$484,025, \$462,000, and \$488,000 respectively; 95.48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, (the latest information available) the balance in the Fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

**Note 10 – Risk Management**

***A. Property and Liability***

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008 and 2007, the College contracted with numerous companies for various types of insurance. Coverage is as follows:

Coverage	Amount
Educators Legal Liability (D&O)	\$5,000,000
Commercial General Liability	1,000,000
Commercial Property	473,011,000
Commercial Auto	1,000,000
Umbrella Policy	25,000,000
Athletic Catastrophic	5,000,000
Medical/Professional Liability	4,000,000
Commercial Crime	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

***B. Self Insurance***

One of the College's healthcare plans is a self-insured plan. The College is self insured for the purpose of providing employee disability and retiree death benefits. The College participates in a retrospective Ohio workers' compensation plan. The disability plan benefits are in addition to the worker's compensation insurance and are available for non-work related claims. 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, actuarial reports which include the nature of each claim or incident, relevant trend factors and other considerations. The liabilities for estimated self-insured claims include estimates of ultimate costs for both reported claims and claims incurred but not reported.

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

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

	<b>Healthcare</b>			<b>Worker's Compensation</b>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Liability at the beginning of year	\$696,161	\$744,392	\$518,097	\$728,565	\$339,205	\$794,573
Current year claims, net of changes in estimates	5,960,027	5,235,880	4,779,265	424,707	667,088	57,131
Claim payments	<u>(5,699,617)</u>	<u>(5,284,111)</u>	<u>(4,552,970)</u>	<u>(378,431)</u>	<u>(277,728)</u>	<u>(512,499)</u>
Liability at end of year	<u>\$956,571</u>	<u>\$696,161</u>	<u>\$744,392</u>	<u>\$774,841</u>	<u>\$728,565</u>	<u>\$339,205</u>
	<b>Disability</b>			<b>Retiree Death</b>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Liability at the beginning of year	\$2,097,000	\$1,519,200	\$1,452,000	\$918,619	\$877,969	\$842,169
Current year claims, net of changes in estimates	566,936	757,824	257,840	59,000	54,400	48,800
Claim payments	<u>(216,936)</u>	<u>(180,024)</u>	<u>(190,640)</u>	<u>(27,500)</u>	<u>(13,750)</u>	<u>(13,000)</u>
Balance at end of year	<u>\$2,447,000</u>	<u>\$2,097,000</u>	<u>\$1,519,200</u>	<u>\$950,119</u>	<u>\$918,619</u>	<u>\$877,969</u>

Self-insured liabilities amounted to \$5,128,531 and \$4,440,345 at June 30, 2008 and 2007, respectively. Other Miscellaneous liabilities amounted to \$282,806 and \$260,444, as June 30, 2008 and 2007, respectively.

**Note 11 – Lease Commitments**

**Capital Leases** – The College has entered into leases for building improvements and equipment. The College's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the statements. The original amounts capitalized for the items acquired by capital leases and the book values as of June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Assets:		
Building Improvements	\$12,000,000	\$12,000,000
Equipment - Servers	4,774,033	4,302,494
Equipment - General	12,483,477	10,897,957
Construction In Progress	<u>6,688,317</u>	<u>0</u>
Subtotal of Assets	35,945,827	27,200,451
Less: Accumulated depreciation	<u>(17,927,242)</u>	<u>(14,139,003)</u>
Current Book Value	<u>\$18,018,585</u>	<u>\$13,061,448</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008 and 2007 are as follows:

	2008	2007
2008		\$5,174,669
2009	\$7,417,642	3,440,550
2010	6,712,567	2,242,053
2011	5,871,202	1,465,061
2012	5,532,453	1,450,328
2013	3,285,587	241,721
2014 - 2018	6,853,620	
Total Minimum Lease Payments	35,673,071	14,014,382
Less: Amount representing interest	(4,367,053)	(1,147,260)
Present Value of Minimum Lease Payments	\$31,306,018	\$12,867,122

**Operating Leases** – The College leases office space under a non-cancelable operating lease. Future minimum rental payments under the operating lease with remaining terms in excess of one year as of June 30, 2008 and 2007 are as follows:

	2008	2007
2008		\$134,460
2009	\$134,460	134,460
2010	134,460	134,460
Total	\$268,920	\$403,380

The College's annual rent expense under this lease was \$134,460 for the years ended June 30, 2008 and 2007.

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. The lease is for a period of two years and has fixed monthly rentals of \$26,508. The lease provides for four additional two year renewals at the option of the tenant. Rental for the first two renewals remains the same as the initial term, with a 10 percent increase going into effect for the third renewal term. Total rental revenue under this lease was \$318,096 in 2008 and 2007.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

**Note 12 – Notes Payable**

A summary of the note transactions for the year ended June 30, 2008 follows:

	Balance June 30, 2007	Issued	Retired	Balance June 30, 2008
Tax Anticipation Notes, Series 2008	\$0	\$20,875,000	\$0	\$20,875,000
Premium on Note	0	85,796	(28,141)	57,655
	<u>\$0</u>	<u>\$20,960,796</u>	<u>(\$28,141)</u>	<u>\$20,932,655</u>

The note is backed by the full faith and credit of Cuyahoga Community College and will mature within one year. The College had no note activity during the fiscal year ended June 30, 2007.

On April 8, 2008, Cuyahoga Community College issued \$20,875,000 in a tax anticipation note at a premium of \$85,796 and an interest rate of 2.35 percent and will mature December 14, 2008. A portion of the tax anticipation note was used to complete a current refunding of \$16,255,000 of Series B general obligation bonds. The remaining portion of the tax anticipation note, \$4,620,000, is available to be used as management deems appropriate.

**Note 13 – Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal years 2008 and 2007 were as follows:

	Principal Outstanding June 30, 2007	Additions	Deductions	Principal Outstanding June 30, 2008	Amount Due in One Year
<b>General Receipt Bonds</b>					
Series A Fixed Rate Bonds 1.60% to 5.00%	\$27,095,000	\$0	(\$605,000)	\$26,490,000	\$620,000
Premium on Bonds	751,087	0	(29,844)	721,243	0
Total Series A Fixed Rate Bonds	27,846,087	0	(634,844)	27,211,243	620,000
Series B Bonds (Assumed interest rate of 3.5%)	16,680,000	0	(16,680,000)	0	0
<i>Total General Receipt Bonds</i>	<u>44,526,087</u>	<u>0</u>	<u>(17,314,844)</u>	<u>27,211,243</u>	<u>620,000</u>
<b>Other Long-term Obligations</b>					
Capital Leases	12,867,122	24,571,499	(6,132,603)	31,306,018	6,222,756
Compensated Absences	7,175,383	300,779	(258,744)	7,217,418	904,330
Claims and Other Liabilities	4,700,789	6,849,751	(6,139,203)	5,411,337	1,482,965
<i>Total Other Long-term Obligations</i>	<u>24,743,294</u>	<u>31,722,029</u>	<u>(12,530,550)</u>	<u>43,934,773</u>	<u>8,610,051</u>
<i>Total Long-Term Liabilities</i>	<u>\$69,269,381</u>	<u>\$31,722,029</u>	<u>(\$29,845,394)</u>	<u>\$71,146,016</u>	<u>\$9,230,051</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

	Principal			Principal	
	Outstanding			Outstanding	
	June 30, 2006	Additions	Deductions	June 30, 2007	Amount Due in One Year
<b>General Receipt Bonds</b>					
Series A Fixed Rate Bonds 1.60% to 5.00%	\$27,685,000	\$0	(\$590,000)	\$27,095,000	\$605,000
Premium on Bonds	780,932	0	(29,845)	751,087	0
Total Series A Fixed Rate Bonds	28,465,932	0	(619,845)	27,846,087	605,000
Series B Bonds (Assumed interest rate of 3.5%)	17,090,000	0	(410,000)	16,680,000	425,000
<i>Total General Receipt Bonds</i>	<u>45,555,932</u>	<u>0</u>	<u>(1,029,845)</u>	<u>44,526,087</u>	<u>1,030,000</u>
<b>Other Long-term Obligations</b>					
Capital Leases	17,418,669	238,757	(4,790,304)	12,867,122	4,706,634
Compensated Absences	6,988,832	265,451	(78,900)	7,175,383	937,391
Claims and Other Liabilities	3,722,458	6,326,005	(5,347,674)	4,700,789	1,277,632
<i>Total Other Long-term Obligations</i>	<u>28,129,959</u>	<u>6,830,213</u>	<u>(10,216,878)</u>	<u>24,743,294</u>	<u>6,921,657</u>
<i>Total Long-Term Liabilities</i>	<u>\$73,685,891</u>	<u>\$6,830,213</u>	<u>(\$11,246,723)</u>	<u>\$69,269,381</u>	<u>\$7,951,657</u>

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 were 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 percent to 3.55 percent. The \$22,830,000 of term bonds, with interest rates ranging from 4.6 percent to 5 percent, 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 were paid off from a current refunding on April 8, 2008 with the issuance of the tax anticipation notes, Series 2008. The College decreased its total debt service payments by \$81,571 as a result of the refunding. The College incurred an economic gain (difference between the present values of the old and new debt service payments) of \$80,262.

General receipts pledged to the security and payment of the bonds include all the receipts of the College, except moneys raised by taxation (state and local) and State appropriations. Grants, gifts, donations, pledges and receipts therefrom, which under restrictions imposed in the grant, promise or as a condition of the receipt are not considered general receipts that are pledged. The College's debt service margin was \$54.4 and \$52.8 million at June 30, 2008 and 2007, respectively.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

Principal and interest requirements to retire the general receipt bonds follow:

Fiscal Year	Principal	Interest	Total
2009	\$620,000	\$1,250,688	\$1,870,688
2010	635,000	1,232,011	1,867,011
2011	655,000	1,211,526	1,866,526
2012	685,000	1,189,495	1,874,495
2013	705,000	1,165,860	1,870,860
2014-2018	4,020,000	5,327,965	9,347,965
2019-2023	5,155,000	4,203,450	9,358,450
2024-2028	6,560,000	2,795,045	9,355,045
2029-2033	7,455,000	962,625	8,417,625
Total	<u>\$26,490,000</u>	<u>\$19,338,665</u>	<u>\$45,828,665</u>

**Note 14 - Other Employee Benefits**

**A. *Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and Board approved policies as follows:

Vacation - Full-time non-bargaining employees, administrators and professionals are granted 20 days of vacation on July 1<sup>st</sup> of each fiscal year. All other fulltime, non-bargaining employees earn vacation based upon length of service, up to 20 days annually. All other fulltime employees accrue vacation based on years of service that is granted based on their respective collective bargaining agreements. Teachers are not eligible for vacation days. Unused vacation time up to 45 days can be carried into the new fiscal year. Accumulated unused vacation is paid in full to employees upon termination of employment or retirement. All part time support staff, working at least 500 hours in the fiscal year, receive an annual vacation payout based on years of service and hours worked.

Sick - Full-time non-bargaining, administrators and professionals are granted 15 sick days on July 1<sup>st</sup> of each fiscal year. All other fulltime bargaining and non-bargaining employees accrue sick time monthly, up to 15 days per year. Teachers are granted 15 sick days at the beginning of each academic year. Sick time may be accumulated up to 180 days and carried into the new fiscal year. All employees with 10 years of service will be paid for unused sick time, at one fourth of the accumulated amount, up to 45 days at retirement. Administrators, professionals, and full time District employees in Service Employees International Union No. 1199 bargaining members can be paid for unused sick time, at one fourth of the accumulated amount, up to 30 days on resignation.

**B. *Healthcare Benefits***

The College has elected to provide a comprehensive medical benefits package to full time employees through either a self insured plan (see Note 10) or fully-insured programs. This package provides a choice of comprehensive medical plans, prescription and dental plans, and is administered by Mercer Health and Benefits, LLC located in Cleveland, Ohio. The College also provides life insurance for its employees.



**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

---

**Note 15 - Contingencies**

**A. Grants**

The College received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2008.

**B. 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.

**Note 16 – Contractual Commitments**

As of June 30, 2008, the College had the following contractual purchase commitments outstanding:

<u>Purpose</u>	<u>Paid to Date</u>	<u>Outstanding Commitment</u>
Various construction	\$2,673,480	\$12,805,499
Technology	0	1,660,334

**Note 17 – Subsequent Events**

On September 25, 2008, the College's Board of Trustees approved a resolution authorizing the College to issue General Receipts Bonds in an amount not to exceed \$125,000,000 to finance various capital projects and to retire the College's Series 2008 Tax Anticipation Notes. It is not known when the market conditions will become favorable; however, the College has determined both current and future revenues to be sufficient to meet the debt service requirement. The various projects being financed may include:

- 1) Metropolitan Campus
  - Construction of new Center for Creative Arts - \$21,947,098
  - Construction of new Work Force Career Center - \$13,490,415
  - Renovation of Sports Wellness Center - \$4,933,056
  
- 2) Western Campus
  - Construction of new Westshore Learning Center - \$24,463,930
  - Construction of new County Emergency Operations Center - \$6,543,872
  - Renovation of Student Services Center - \$7,751,951

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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3) Eastern Campus

- Construction of new Health Careers & Technology Center - \$4,731,704
- Construction of new Natatorium & Wellness Addition - \$12,080,951
- Renovation of Student Services Center - \$5,235,084

On December 17<sup>th</sup>, 2008, the College issued \$30,000,000 of Tax Anticipation Notes, Series B. The proceeds will be used to pay a portion of the costs of the abovementioned projects, to retire the Series 2008 Tax Anticipation Notes due on December 18<sup>th</sup>, 2008 and to pay costs of issuance.

**Note 18 – Discretely Presented Component Unit**

The College's only discretely presented component unit is the Cuyahoga Community College Foundation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**—The Cuyahoga Community College Foundation (the "Foundation") was incorporated in August 1973 as a tax-exempt, non-governmental not-for-profit corporation under Section 501(c) (3) of the Internal Revenue Code for the purpose of collecting donations from individuals, corporations and foundations to be distributed as scholarships to persons attending Cuyahoga Community College (the "College"), and to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service and is exempt from income taxes.

**Basis of Accounting and Financial Statement Presentation**—The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with the provisions of the American Institute of Certified Public Accountants' Audit Guide for Not-for-Profit Organizations and Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following three categories:

*Unrestricted*—Net assets are under the discretionary control of the Board of Directors (the "Board") and include amounts designated by the Board for specified purposes.

*Temporarily Restricted (expendable)*—Net assets are restricted by the donor for a specific purpose (generally scholarships or educational development programs) or use in a future time period. The income on these net assets is either temporarily restricted or unrestricted based on the intentions of the donor.

*Permanently Restricted (nonexpendable)*—Net assets are subject to the donor's restriction that the principal remain invested in perpetuity. The income on these net assets generally is used for scholarships or educational development programs.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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***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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***—Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of three months or less. Substantially all of the Foundation's cash and cash equivalents are composed of investments in money market mutual funds. At times, cash on hand may exceed federally insured limits.

***Investments***— Investments of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Market values are based on quoted market prices. Interest and dividend income, as well as realized and unrealized gains and losses, is allocated proportionally each month.

***Receivables***—Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Donated items are recorded at fair value when received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met. It is the Foundation's policy that an initial minimum balance of \$25,000 be required to establish an endowment fund. The policy allows for an annual review to determine if the accumulation of contributions and interest meet the minimum principal balance requirements.

***Contributions***—Contributions, including bequests, special gifts and other donations, are recorded as revenue when received or, if by pledge, when an unconditional pledge is made. All contributions and gifts are considered to be available for unrestricted use unless specifically restricted by the donor. Noncash bequests, gifts, and donations, if any, would be recorded at the fair market value of the asset at the date of donation.

***Program Services Expenses***—All scholarships and other program services distributions are approved by the Board. Unconditional gifts to the College are recognized as educational development expense when approved. Gifts approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statements of activities when the specified conditions are satisfied as institutional support or student aid.

***Reclassification***- Certain amounts were reclassified for financial statement purposes, but did not impact net asset totals.

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**2. INVESTMENTS**

For investment purposes, assets of the various unrestricted, temporarily restricted and permanently restricted classifications are pooled. Realized and unrealized gains and losses and investment income are allocated to unrestricted assets except when the donor specifies that income is to be temporarily or permanently restricted.

Investments at June 30, 2008 and 2007 consist of the following:

<b>Description</b>	<b>2008</b>	<b>2007</b>
Common Stock	\$ 7,403,291	\$ 7,986,839
U.S. Government Bonds	1,412,975	1,242,607
Foreign Bonds	44,886	
Corporate Bonds	590,484	739,664
Mutual Funds	7,398,467	8,148,417
	<hr/>	<hr/>
Totals	\$ 16,850,103	\$ 18,117,527

The various investments are exposed to various risks, such as interest rate, market and credit risks.

**3. RECEIVABLES**

Contributions receivable (pledges) are accounted for in accordance with applicable GAAP. The recorded fair value of contributions receivable is the present value of estimated future cash receipts using a discount rate of 2.1%. Management has determined that any allowance for uncollectible promises to give would be immaterial. Amounts due are as follows:

	<b>2008</b>	<b>2007</b>
Less than one year	\$ 1,136,072	\$ 1,589,174
One to five years	268,920	508,837
Totals	1,404,992	2,098,011
	<hr/>	<hr/>
Unamortized discount	(8,525)	(23,003)
	<hr/>	<hr/>
Total	\$ 1,396,467	\$ 2,075,008

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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**4. RELATED PARTY TRANSACTIONS**

The College made contributions to the Foundation during the years ended June 30, 2008 and 2007 of \$302,061 and \$235,558 primarily for parking receipts. The amounts owed to the Foundation as of June 30, 2008 and 2007 are \$59,580 and \$69,158 and are included with accounts receivables on the statements of net assets.

The Foundation recognizes contributed services received from the College when those services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by College employees possessing those skills, and would typically need to be purchased if not provided by the donation. The Foundation recognized \$333,305 and \$275,539 of contributed services as contribution revenue and as administrative and general, and fundraising expenses in 2008 and 2007.

The Foundation received, on behalf of the College, gifts for educational development programs from various donors of \$1,762,259 and \$1,332,268 in 2008 and 2007, respectively. The undistributed balances as of June 30, 2008 and 2007 are \$727,161 and \$777,597 and are included with accounts payables and accrued liabilities on the statements of revenues, expenses, and changes in net assets.

**5. NET ASSETS**

Net assets are restricted primarily for scholarships and educational purposes. Net assets were released from restriction for the following purposes during the years ended June 30:

	<b>2008</b>	<b>2007</b>
Scholarships	\$ 745,634	\$ 534,363
Educational Development	1,864,673	1,912,843
Special Events	198,684	118,328
Other	<u>6,580</u>	<u>217,526</u>
Total	<u>\$ 2,815,571</u>	<u>\$ 2,783,060</u>

Temporarily restricted (expendable) net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose are available for the following purposes at June 30:

	<b>2008</b>	<b>2007</b>
Scholarships	\$ 17,673,578	\$ 17,606,648
Educational Development	2,235,688	2,338,102
Special Events	<u>68,791</u>	<u>104,149</u>
Total	<u>\$19,978,057</u>	<u>\$20,048,899</u>

**Cuyahoga Community College**  
*Cuyahoga County, Ohio*  
*Notes to the Basic Financial Statements*  
*For The Years Ended June 30, 2008 and 2007*

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Permanently restricted (nonexpendable) net assets are held in perpetuity and whose use by the Foundation has been limited by donor agreements that stipulate that realized gains relating to those permanently restricted investments shall become part of the principal of those permanently restricted funds. Income from those permanently restricted investments shall be used for the following purposes at June 30:

	<b>2008</b>	<b>2007</b>
Scholarships	\$ 2,420,331	\$ 2,275,951

**6. SUBSEQUENT EVENTS - INVESTMENTS**

The Foundation holds investment securities which are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundations investment account balances and the amounts reported in the Statements of Financial Position.

Subsequent to year end, the investment and credit markets in the United States and around the world have experienced significant challenges related to liquidity, extension of credit and valuation. The results of these challenges have significantly increased volatility in the trading prices of marketable securities. As of October 31, 2008, the major securities indices have declined more than 24% from their values at June 30, 2008.

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# Statistical Section

The Cuyahoga Community College implemented the provisions of Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

This Section of the Cuyahoga Community College comprehensive annual financial report presents detailed information as a context for further understanding of the information in the financial statements, note disclosures, and supplementary information.

## **Financial Trends**

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

## **Revenue Capacity**

These schedules contain information to help the reader assess the College's most significant revenue sources.

## **Debt Capacity**

These schedules contain information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

## **Operating Information**

These schedules contain service and capital asset data to help the reader understand how the information in the College's financial report relates to the services the government provides and the activities it performs.

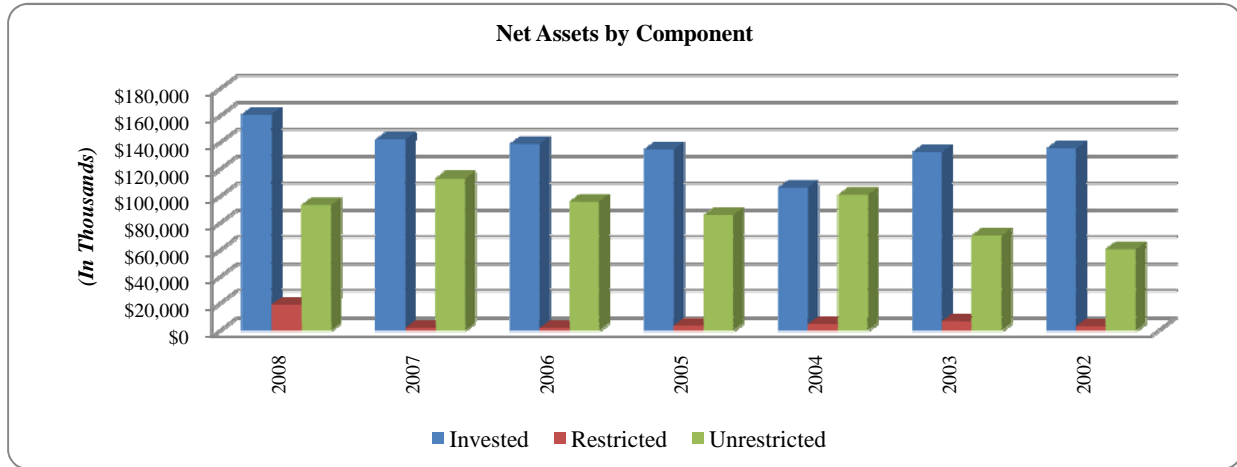


## Statistical Section

Schedule of Net Assets by Component.....	S1
Schedule of Expenses by Program.....	S2
Schedule of Revenues by Source.....	S3
Schedule of Other Changes in Net Assets.....	S4
Assessed and Estimated Actual Value of Taxable Property.....	S5
Property Tax Rates – Direct and Overlapping Governments.....	S7
Principal Taxpayers.....	S10
Property Tax Levies and Collections.....	S11
Historic Tuition and Fees.....	S12
Ratio of Debt per Student.....	S13
General Receipt Bond Coverage.....	S14
Computation of Legal Debt Service Margin.....	S15
Demographic and Economic Statistics.....	S16
Principal Employers.....	S17
Employee Statistics.....	S18
Historical Headcount.....	S19
Graduation Statistics.....	S20
Capital Asset Information.....	S21

**Cuyahoga Community College**  
*Schedule of Net Assets by Component*  
*Last Seven Fiscal Years (Dollars in Thousands)*

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Invested in Capital Assets,							
Net of Related Debt	\$160,745	\$142,011	\$138,709	\$134,521	\$106,332	\$132,483	\$135,201
Restricted - Expendable	18,976	2,123	1,634	3,465	4,529	6,977	3,154
Unrestricted	93,068	113,117	95,800	85,665	100,782	70,488	60,596
<b>Total Net Assets</b>	<b>\$272,789</b>	<b>\$257,251</b>	<b>\$236,143</b>	<b>\$223,651</b>	<b>\$211,643</b>	<b>\$209,948</b>	<b>\$198,951</b>



Source: College Financial Audit Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Cuyahoga Community College**  
*Schedule of Expenses by Program*  
*Last Seven Fiscal Years (Dollars in Thousands)*

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction and Department Research	\$63,172	\$62,211	\$58,209	\$58,650	\$55,359	\$51,098	\$50,640
Public Service	17,481	18,117	18,178	17,738	16,973	17,226	18,000
Academic Support	20,242	20,746	19,444	17,820	19,096	17,178	16,369
Student Services	18,682	18,280	18,097	17,191	17,062	15,983	15,251
Institutional Support	34,757	32,008	32,136	29,700	32,068	31,977	28,040
Operation and Maintenance of Plant	23,300	22,377	20,833	17,468	17,954	14,823	16,015
Student Aid	38,620	34,016	33,689	33,389	31,199	0	0
Scholarships and Fellowships	0	0	0	0	0	25,348	17,522
Depreciation	17,382	16,916	16,589	16,112	15,276	11,416	10,952
Auxiliary Enterprises	11,093	10,378	10,221	9,597	9,493	9,055	8,575
Total Operating Expenses	<u>244,729</u>	<u>235,049</u>	<u>227,396</u>	<u>217,665</u>	<u>214,480</u>	<u>194,104</u>	<u>181,364</u>
Interest on Capital Debt	2,699	2,502	2,476	1,981	1,969	1,682	66
Other	105	24	19	53	131	302	681
Total Nonoperating Expenses	<u>2,804</u>	<u>2,526</u>	<u>2,495</u>	<u>2,034</u>	<u>2,100</u>	<u>1,984</u>	<u>747</u>
Total Expenses	<u>\$247,533</u>	<u>\$237,575</u>	<u>\$229,891</u>	<u>\$219,699</u>	<u>\$216,580</u>	<u>\$196,088</u>	<u>\$182,111</u>

Source: College Financial Audit Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Cuyahoga Community College**  
*Schedule of Revenues by Source*  
*Last Seven Fiscal Years (Dollars in Thousands)*

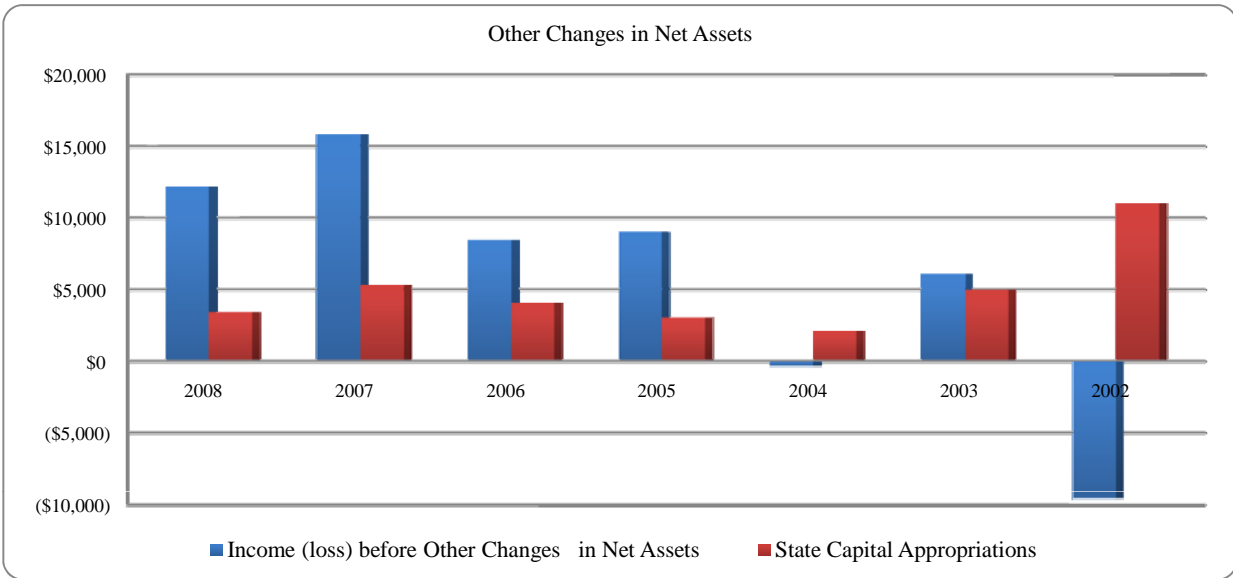
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Student Tuition and fees	\$34,518	\$33,713	\$33,565	\$31,614	\$33,858	\$32,225	\$25,604
Federal Grants and Contracts	47,419	44,696	45,044	43,879	36,275	31,627	25,889
State Grants and Contracts	7,627	7,862	6,639	7,301	5,632	5,819	5,747
Local Grants and Contracts	31	131	13	5	464	47	0
Private Grants and Contracts	3,134	2,695	907	2,072	2,102	6,379	3,957
Sales and services	5,631	6,776	6,469	5,309	5,710	5,813	5,771
Auxiliary enterprises	11,250	10,572	10,456	10,288	10,214	9,921	8,555
Other Operating revenues	1,950	1,315	957	706	533	343	187
Total Operating Revenues	<u>111,560</u>	<u>107,760</u>	<u>104,050</u>	<u>101,174</u>	<u>94,788</u>	<u>92,174</u>	<u>75,710</u>
State Appropriations	61,611	59,175	57,312	52,974	46,674	45,129	44,469
Property Taxes	81,888	80,402	73,389	72,797	74,192	63,162	49,703
Unrestricted Investment Income	4,367	6,016	3,549	1,480	313	1,232	2,592
Restricted Investment Income	287	27	12	285	250	431	76
Total Nonoperating Revenues	<u>148,153</u>	<u>145,620</u>	<u>134,262</u>	<u>127,536</u>	<u>121,429</u>	<u>109,954</u>	<u>96,840</u>
Total Revenues	<u>\$259,713</u>	<u>\$253,380</u>	<u>\$238,312</u>	<u>\$228,710</u>	<u>\$216,217</u>	<u>\$202,128</u>	<u>\$172,550</u>

Source: College Financial Audit Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Cuyahoga Community College**  
*Schedule of Other Changes in Net Assets*  
*Last Seven Fiscal Years (Dollars in Thousands)*

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Income (loss) before Other Changes in Net Assets	\$12,180	\$15,805	\$8,421	\$9,011	(\$363)	\$6,040	(\$9,561)
State Capital Appropriations	3,358	5,304	4,070	2,997	2,059	4,957	10,958
<b>Total Change in Net Assets</b>	<b>\$15,538</b>	<b>\$21,109</b>	<b>\$12,491</b>	<b>\$12,008</b>	<b>\$1,696</b>	<b>\$10,997</b>	<b>\$1,397</b>



Source: College Financial Audit Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Cuyahoga Community College**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Two Years (1) (Dollars in Thousands)*

Collection Year	Real Property			Estimated Actual Value	Tangible Personal Property	
	Assessed Value				General	Business
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value	Estimated Actual Value
2008	\$21,973,357	\$8,441,851	\$30,415,208	\$86,900,594	\$728,222	\$11,651,552
2007	21,868,198	8,524,013	30,392,211	86,834,889	1,923,151	15,385,208
2006	19,556,454	7,841,892	27,398,346	78,280,989	2,390,326	12,748,405

**Source:** Office of the County Auditor, Cuyahoga County, Ohio

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value for real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

(1) - Information prior to 2006 was not available.

Tangible Personal Property		Total		
Public Utility				
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Weighted Average Tax Rate
\$588,833	\$669,128	\$31,732,263	\$99,221,275	\$2.45452
842,683	957,594	33,158,045	103,177,691	2.47204
857,331	974,240	30,646,003	92,003,634	2.45647

**Cuyahoga Community College**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(per \$1,000 of assessed value)*  
*Last Two Years (1)*

	<u>2008</u>	<u>2007</u>
<b>Voted Millage - by levy</b>		
2002 Operating - continuing		
Effective Millage Rates		
Residential/Agricultural	\$1.310000	\$1.309500
Commercial/Industrial	1.454400	1.459900
Tangible/Public Utility Personal	1.600000	1.600000
2006 Operating - continuing		
Effective Millage Rates		
Residential/Agricultural	1.082400	1.082000
Commercial/Industrial	1.108200	1.112300
Tangible/Public Utility Personal	1.200000	1.200000
<b>Total Effective Voted Millage by type of property</b>		
Residential/Agricultural	\$2.392400	\$2.391500
Commercial/Industrial	2.562600	2.572200
Tangible/Public Utility Personal	2.800000	2.800000
<b>Overlapping Rates by Taxing District</b>		
Cuyahoga County	11.8688 - 13.4200	11.8655 - 13.4200
<b>Cities</b>		
Bay Village	14.900000	14.900000
Beachwood	4.000000	4.000000
Bedford	12.800000	12.800000
Bedford Heights	13.000000	13.000000
Bentleyville	7.4530 - 8.9000	7.4528 - 8.9000
Berea	12.0540 - 16.2000	12.0669 - 16.2000
Bratenahl	11.6432 - 14.0000	10.9449 - 14.0000
Brecksville	8.600000	8.600000
Broadview Heights	6.2731 - 9.4000	6.2725 - 9.4000
Brook Park	4.6469 - 4.7500	4.6753 - 4.8000
Brooklyn	6.900000	6.900000
Chagrin Falls	13.2379 - 15.6000	13.2416 - 15.6000
Cleveland	12.700000	12.700000
Cleveland Heights	12.900000	13.000000
Cuyahoga Heights	4.400000	4.400000
East Cleveland	12.700000	12.700000
Euclid	6.5540 - 15.6000	6.5522 - 15.6000
Fairview Park	11.5044 - 11.8000	11.5041 - 11.8000
Garfield Heights	21.900000	21.900000
Gates Mills	12.0951 - 14.4000	12.0862 - 14.4000
Glenwillow	3.300000	3.300000
Highland Hills	12.8036 - 20.7000	12.9625 - 20.7000
Highland Heights	4.000000	4.000000
Hunting Valley	5.100000	5.100000
Independence	2.800000	2.800000
Lakewood	17.400000	17.400000

(continued)



	<u>2008</u>	<u>2007</u>
Linndale	\$2.800000	\$2.800000
Lyndhurst	11.500000	11.000000
Maple Heights	14.7784 - 15.5000	14.7776 - 15.5000
Mayfield	4.1546 - 7.3000	4.1541 - 7.3000
Mayfield Heights	10.000000	10.000000
Middleburg Heights	4.6686 - 5.4500	4.6685 - 5.4500
Moreland Hills	7.300000	7.300000
Newburg Heights	16.8060 - 19.5000	16.7973 - 19.5000
North Olmsted	13.200000	13.200000
North Randall	4.1714 - 4.8000	4.1692 - 4.8000
North Royalton	5.7708 - 8.2000	5.7741 - 8.2000
Oakwood	3.800000	3.800000
Olmsted Falls	9.5842 - 16.5000	9.5844 - 16.5000
Orange	7.100000	7.100000
Parma	6.5160 - 7.1000	4.5157 - 5.1000
Parma Heights	10.200000	10.200000
Pepper Pike	9.0548 - 9.5000	9.0533 - 9.5000
Richmond Heights	14.3033 - 17.0000	11.3082 - 14.0000
Rocky River	10.900000	10.900000
Seven Hills	8.6075 - 9.2000	8.7096 - 9.3000
Shaker Heights	9.900000	9.900000
Solon	3.9411 - 4.1000	3.9405 - 4.1000
South Euclid	12.9048 - 14.7000	12.9037 - 14.7000
Strongsville	6.1886 - 10.1000	6.1981 - 10.1000
University Heights	13.200000	13.200000
Valleyview	5.3333 - 7.1000	5.3333 - 7.1000
Walton Hills	0.300000	0.300000
Warresville Heights	6.5852 - 13.2000	6.5906 - 13.2000
Westlake	9.800000	9.900000
Woodmere	4.300000	4.300000
<b>Townships</b>		
Chagrin Falls	0.400000	0.400000
Olmsted	11.0986 - 21.5000	11.0963 - 21.5000
<b>Special Districts</b>		
Chagrin Falls Township Fire District	0.800000	0.800000
Cleveland Heights Library	3.4793 - 5.9000	3.4762 - 5.9000
Cleveland Library	4.9006 - 6.8000	4.8883 - 6.8000
Cleveland Metro Parks	1.6720 - 1.8500	1.6715 - 1.85000
Cleveland Cuyahoga Port Authority	0.0946 - 0.1300	0.0946 - 0.1300
Cuyahoga County Library	1.8086 - 2.0000	1.8093 - 2.0000
East Cleveland Library	6.0080 - 7.0000	3.0034 - 4.0000
Euclid Library	3.1204 - 3.5000	3.1185 - 3.5000
Lakewood Library	2.1935 - 3.5000	2.1904 - 3.5000
Rocky River Library	4.7376 - 6.1000	4.7368 - 6.1000
Shaker Heights Library	3.1836 - 4.0000	3.1779 - 4.0000
Westlake Library	2.1276 - 2.5000	2.1278 - 2.5000

(continued)

**Cuyahoga Community College**  
*Property Tax Rates - Direct and Overlapping Governments (continued)*  
*(per \$1,000 of assessed value)*  
*Last Two Years (1)*

	<u>2008</u>	<u>2007</u>
<b>Joint Vocational Schools</b>		
Cuyahoga Valley JVS	\$2.000000	\$2.000000
Polaris JVS	2.0000 - 2.4000	2.0000 - 2.4000
<b>Schools</b>		
Bay Village City	45.7500 - 108.8500	46.5149 - 109.6500
Beachwood City	34.7835 - 82.3000	34.8002 - 82.3000
Bedford City	31.0146 - 67.6000	31.0134 - 67.6000
Berea City	35.9966 - 74.9000	36.0527 - 74.9000
Brecksville-Broadview Heights City	37.1756 - 77.1000	37.2513 - 77.2000
Brooklyn City	26.0149 - 39.5000	26.0062 - 39.5000
Chagrin Falls Exempted Village	47.4618 - 108.3000	39.6005 - 100.4000
Cleveland Heights - University Heights City	60.1573 - 136.7000	53.0145 - 129.6000
Cleveland Municipal	29.0506 - 64.8000	29.0028 - 64.8000
Cuyahoga Heights Local	22.4422 - 28.9000	22.3479 - 28.8000
East Cleveland City	35.4561 - 92.1000	35.4148 - 92.1000
Euclid City	39.1132 - 78.2000	39.0934 - 78.2000
Fairview Park City	51.7746 - 96.0000	51.3583 - 95.6000
Garfield Heights City	40.0213 - 54.5000	40.0080 - 54.5000
Independence Local	29.3471 - 31.5000	28.5896 - 31.5000
Lakewood City	45.5754 - 106.9000	45.2304 - 106.6000
Maple Heights City	36.1949 - 62.9000	36.9111 - 62.9000
Mayfield City	31.2351 - 71.4200	31.5673 - 71.7000
North Olmsted City	41.1462 - 83.5000	34.6098 - 77.0000
North Royalton City	34.5000 - 59.6000	34.6999 - 59.8000
Olmsted Falls City	41.6553 - 91.8000	39.6874 - 89.8000
Orange City	40.0270 - 86.0000	40.0179 - 86.0000
Parma City	35.1460 - 61.4000	38.4394 - 64.7000
Richmond Heights Local	33.5915 - 78.6000	33.7406 - 78.6000
Rocky River City	35.1664 - 77.1000	35.2625 - 77.2000
Shaker Heights City	70.4688 - 170.3000	70.3573 - 170.3000
Solon City	39.8732 - 75.3000	39.8195 - 75.3000
South Euclid-Lyndhurst City	45.2685 - 96.2000	45.3339 - 96.3000
Strongsville City	38.3385 - 81.3000	31.9410 - 74.8000
Warrensville City	49.6674 - 90.1000	49.8122 - 90.2000
Westlake City	31.7267 - 66.5000	31.7280 - 66.5000

**Source:** Ohio Department of Taxation

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates for voted levies are reduced so that inflationary increases in value do not generate additional revenue.

Note - Information prior to 2007 was not available.

**Cuyahoga Community College**

*Principal Taxpayers*

*2007 (1) and 1998 Years*

<b>Taxpayer</b>	<b>2007</b>			<b>1998</b>		
	<b>Assessed Value</b>	<b>Rank</b>	<b>Percent of Real Property Assessed Value</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>Percent of Real Property Assessed Value</b>
Cleveland Electric Illuminating Company	\$439,372,000	1	1.35%	\$744,242,000	1	2.94%
Cleveland Clinic Foundation	163,527,000	2	0.50	*		
City of Cleveland	157,218,000	3	0.49	72,298,000	6	0.28
Ohio Bell Telephone	99,819,000	4	0.31	339,195,000	2	1.34
American Transmission	65,941,000	5	0.20	*		
Ford Motor Company	64,404,000	6	0.20	172,876,000	3	0.68
Case Western Reserve	59,632,000	7	0.19	*		
East Ohio Gas	59,563,000	8	0.18	117,420,000	5	0.46
Beachwood Place LTD	56,898,000	9	0.18	*		
ArcelorMittal	56,076,000	10	0.17	*		
LTV Steel Corporation	*			134,338,000	4	0.53
ZML-Cleveland Public Square	*			56,306,000	7	0.22
General Motors	*			49,062,000	8	0.19
Plain Dealer Publishing Company	*			47,201,000	9	0.19
Columbia Gas of Ohio	*			44,775,000	10	0.18
<b>Totals</b>	<b>\$1,222,450,000</b>		<b>3.77%</b>	<b>\$1,777,713,000</b>		<b>7.01%</b>

Source: Office of the County Auditor, Cuyahoga County, Ohio

Note: The 2007 taxpayers were selected based solely upon review of the 200 taxpayers or real, personal and public utility property with the highest assessed valuation. The 1998 taxpayers were selected based on a review of the 200 taxable parcels of real, personal and public utility property with the highest assessed valuation.

(1) Information for 2008 and that prior to 1998 was not available.

**Cuyahoga Community College**  
*Property Tax Levies and Collections*  
*Last Four Years (1) (Dollars in Thousands)*

<b>Year</b>	<b>Total Current Levy</b>	<b>Current Collection</b>	<b>Current Levy Collected</b>	<b>Delinquent Current</b>	<b>Delinquent Cumulative</b>
2008	\$78,011	\$72,524	93.0%	\$4,751	\$12,136
2007	76,043	70,437	92.6%	4,787	9,094
2006	68,678	64,167	93.4%	3,889	7,677
2005	68,293	63,874	93.5%	3,680	6,889
2004	67,506	63,334	93.8%	1,955	6,876

Source: College and Cuyahoga County, Ohio financial records.

Notes: Includes Homestead/Rollback taxes assessed locally, but distributed through the State.  
The amounts above represent collections relative to the tax levy, and will not match amounts presented in the financial statements.

(1) Data for 2008 and prior to 2004 was not available.

# Cuyahoga Community College

## Historic Tuition and Fees

### Last Ten Fiscal Years

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<u>Year</u>	<u>Tuition and Fees Per Credit Hour</u>	<u>Annual Cost Per Full-time Student (1)</u>	<u>Increase (Decrease)</u>	
			<u>Dollars</u>	<u>Percent</u>
2008	\$80.54	\$2,416.20	\$0.00	0.00%
2007	80.54	2,416.20	115.20	5.01
2006	76.70	2,301.00	109.50	5.00
2005	73.05	2,191.50	103.50	4.96
2004	69.60	2,088.00	99.00	4.98
2003	66.30	1,989.00	130.50	7.02
2002	61.95	1,858.50	106.50	6.08
2001	58.40	1,752.00	(93.00)	(5.04)
2000	61.50	1,845.00	0.00	0.00
1999	61.50	1,845.00	0.00	0.00

Source: College records and Student Business Services.

(1) - Calculated at the full-time 30 credit hour load times the applicable cost per credit hour.

**Cuyahoga Community College**

*Ratio of Debt per Student*

*Last Nine Fiscal Years (1)*

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<b>Fiscal Year</b>	<b>Series A Fixed Rate Bonds</b>	<b>Series B Fixed Rate Bonds</b>	<b>Tax Anticipation Notes</b>	<b>Capital Leases</b>	<b>Total Debt</b>	<b>Debt per Student (2)</b>	<b>Debt per Capita (3)</b>
2008	\$27,211,243	\$0	\$20,932,655	\$31,306,018	\$79,449,916	\$3,346.10	N/A
2007	27,846,087	16,680,000	0	12,867,122	57,393,209	2,372.89	\$44.29
2006	28,465,932	17,090,000	0	17,418,669	62,974,601	2,539.71	47.92
2005	29,070,777	17,490,000	0	18,279,370	64,840,147	2,556.99	48.74
2004	29,665,621	17,875,000	0	18,522,373	66,062,994	2,620.09	49.07
2003	29,975,466	17,875,000	0	11,244,763	59,095,229	2,482.16	43.48
2002	0	0	0	12,564,559	12,564,559	538.70	9.16
2001	0	0	0	12,000,000	12,000,000	563.96	8.68
2000	0	0	0	1,156,963	1,156,963	56.93	0.83

Source: College Financial Audit Reports for years presented.

Notes: N/A - Information not available at date of report. Future data will be added as it becomes available.

- (1) Information prior to 2000 is not available
- (2) Calculated based on total debt amount divided by historical enrollment from S-19.
- (3) Calculated based on total debt amount divided by population from S-16.

**Cuyahoga Community College**  
*General Receipt Bond Coverage*  
*Last Five Fiscal Years (1)*

Fiscal Year	Gross General Receipts (2)	Related Expenses (3)	Net General Receipts	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2008	\$53,349,539	\$11,093,337	\$42,256,202	\$1,030,000	\$1,842,746	\$2,872,746	14.7
2007	57,143,797	10,377,572	46,766,225	1,029,845	1,872,068	2,901,913	16.1
2006	55,882,044	10,221,296	45,660,748	1,004,845	1,838,425	2,843,270	16.1
2005	51,716,810	9,596,839	42,119,971	979,844	1,862,202	2,842,046	14.8
2004	50,314,537	9,493,481	40,821,056	309,845	1,874,986	2,184,831	18.7

Source: College financial records

(1) Information prior to fiscal year 2004 is not available.

(2) General Receipts pledged to the security and payment of the Bonds include all the receipts of the District, excepting moneys raised by taxation (State and local) and State appropriations until and unless their pledge to Bond Service Charges is authorized bylaw (not anticipated to occur) and is made by a supplemental trust agreement; any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Bond Service Charges; and any special fee charged pursuant to Section 154.21(D) and of the Revised Code receipts therefrom (that fee, relating to bonds of the State issued by the Ohio Public Facilities Commission, has never been required to be imposed and is not anticipated to be required to be imposed).

(3) Related Expenses for Auxiliary Enterprises operations must be netted from General Receipts.

Note: Repayment of General Receipts Bond debt is secured by the pledge of the General Receipts.

**Cuyahoga Community College**  
*Computation of Legal Debt Service Margin*  
*Current Fiscal Years (Dollars in Thousands)*

	<u>2008 (2)</u>	<u>2007</u>
Property Tax Collections	<u>\$72,502</u>	<u>\$70,437</u>
Debt Service Limit - 75% of Property Tax Collections (1)	54,377	52,828
Amount of Debt Service Applicable to Limit: Tax Anticipation Notes (3)	<u>0</u>	<u>0</u>
Legal Debt Service Margin	<u>\$54,377</u>	<u>\$52,828</u>
Legal Debt Service Margin as a Percentage of the Debt Service Limit	100.00%	100.00%

Source: College Financial Records

(1) - Section 2 of Article XII of the Ohio Constitution and Ohio Revised Code sections 3354.11 and 3354.12 limits voted debt to an amount whereby the debt service requirement each year is seventy five percent or less of the property taxes collections for that year.

(2)- The College had no tax related debt prior to 2008.

(3) - Tax Anticipation Notes, including premium, of \$20,932,655 were outstanding at June 30, 2008; however, there is no amount due in 2008. The entire balance is due during 2009.



**Cuyahoga Community College**  
*Demographic and Economic Statistics*  
*Last Ten Years*

<b>Year</b>	<b>Population</b>	<b>Total Personal Income (In Thousands)</b>	<b>Personal Income Per Capita</b>	<b>Cuyahoga County Unemployment Rate</b>	<b>Total Assessed Property Value (In Thousands)</b>
2007	1,295,958	\$50,876,719	\$39,258	6.1 %	\$32,460,486
2006	1,314,241	51,236,686	39,986	5.6	33,158,047
2005	1,330,428	49,080,558	36,891	5.9	30,646,005
2004	1,346,194	47,719,783	35,448	6.2	30,647,572
2003	1,359,187	45,655,393	33,590	6.2	30,305,032
2002	1,371,563	45,703,641	33,322	5.6	28,454,714
2001	1,382,578	45,282,921	32,753	4.5	28,699,372
2000	1,393,845	45,276,523	32,483	4.1	28,572,250
1999	1,399,752	43,153,567	30,829	4.4	25,633,181
1998	1,405,644	42,147,135	29,984	4.3	25,355,787

Source: U.S. Census Bureau, Bureau of Economic Analysis, Office of the County Auditor,  
 Cuyahoga County, Ohio.

Note - 2008 information not available.

**Cuyahoga Community College**  
*Principal Employers*  
 (Ranked by the number of full-time equivalent employees)  
 2007 and Five Years Ago

<b>Employer</b>	<b>2007 (2)</b>			<b>2003 (1)</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Cleveland Clinic Health System	28,461	1	4.50%	23,567	1	3.80%
University Hospitals Health System	15,904	2	2.50	14,270	2	2.30
Cuyahoga County	9,295	3	1.50	9,376	4	1.50
U. S. Office of Personnel Management	9,172	4	1.50	*		
Progressive Corp.	8,796	5	1.40	7,557	6	1.20
City of Cleveland	8,327	6	1.30	8,658	5	1.40
Cleveland Municipal School District	7,442	7	1.20	10,510	3	1.70
KeyCorp	6,615	8	1.10	7,381	7	1.20
National City Corp.	6,563	9	1.00	5,900	9	0.90
Metro Health System	5,627	10	0.90	*		
Ford Motor Co.	*			6,050	8	0.90
United States Postal Service	*			5,548	10	0.90
<b>Totals</b>	<b>106,202</b>		<b>16.90%</b>	<b>98,817</b>		<b>15.80%</b>
<b>Total Employment within the County</b>	<b>617,900</b>			<b>629,600</b>		

Source: Crain's Cleveland Business.

- (1) Data prior January 1, 2003 is not available.
- (2) 2008 Data is not available.

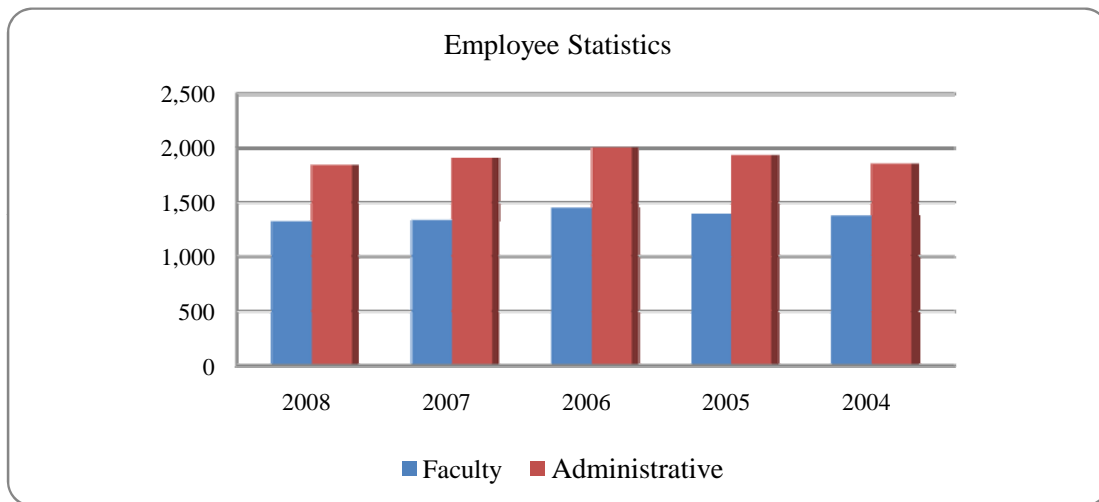
\* Tax payers did not fall within the top 10 for the year identified.

## Cuyahoga Community College

### *Employee Statistics*

#### *Last Five Fiscal Years (1)*

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Faculty					
Part-time	940	948	1,069	1,017	996
Full-time	384	383	373	376	375
Total Faculty	1,324	1,331	1,442	1,393	1,371
Administrative and support staff	1,836	1,901	2,001	1,929	1,851
Total employees	3,160	3,232	3,443	3,322	3,222
Students per faculty member	18	18	17	18	18
Students per staff member	13	13	12	13	14



Source: College's Records - Human Resource Department.

(1) Information prior to fiscal year 2004 is not available.

**Cuyahoga Community College**

*Historical Headcount*

*Last Ten Fiscal Years*

**Unduplicated Headcount**

<b>Major/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Health Careers	3,368	3,234	3,117	3,173	3,118
Nursing (1)	3,000	2,817	2,908	3,064	2,857
Business	3,746	3,685	3,844	4,080	4,341
Engineering	1,474	1,379	1,323	1,182	1,065
Public Service	1,807	1,634	1,605	1,736	1,750
Applied Industrial Technology/ Associate of Technical Study	353	708	627	153	191
Associate of Arts/ Associate of Science	7,580	8,236	8,531	9,014	8,851
Certificate Programs	986	878	1,070	1,198	1,049
Other	1,430	1,616	1,771	1,758	1,992
<b>Total</b>	<b>23,744</b>	<b>24,187</b>	<b>24,796</b>	<b>25,358</b>	<b>25,214</b>

**Unduplicated Headcount**

<b>Major/Program</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Health Careers	2,676	5,877	4,685	4,515	4,634
Nursing (1)	2,685	0	0	0	0
Business	4,187	4,207	4,062	3,918	3,946
Engineering	754	653	632	587	559
Public Service	1,642	911	767	718	731
Applied Industrial Technology/ Associate of Technical Study	133	19	18	11	11
Associate of Arts/ Associate of Science	8,547	9,183	8,469	8,163	7,707
Certificate Programs	1,127	322	227	178	168
Other	2,057	2,152	2,418	2,231	2,489
<b>Total</b>	<b>23,808</b>	<b>23,324</b>	<b>21,278</b>	<b>20,321</b>	<b>20,245</b>

Source: College Records - Institutional Research.

(1) Before 2003 Nursing and Health Careers were combined into one category.

**Cuyahoga Community College**

*Graduation Statistics*

*Last Two Fiscal Years (1)*

	2008		2007	
	Count	Percent	Count	Percent
<b>Ethnicity</b>				
Native American	6	0.31 %	4	0.23 %
Black	500	26.03	463	26.46
Asian	59	3.07	60	3.43
Hispanic	62	3.23	55	3.14
White	1,240	64.55	1,121	64.06
Other	28	1.46	27	1.54
Unknown	26	1.35	20	1.14
Total	1,921	100.00 %	1,750	100.00 %
<b>Age</b>				
<20	47	2.45 %	45	2.57 %
20-24	554	28.84	462	26.40
25-29	388	20.20	368	21.03
30-34	264	13.74	252	14.40
35-39	204	10.62	222	12.69
40-59	455	23.69	385	22.00
>60	9	0.47	16	0.91
Total	1,921	100.00 %	1,750	100.00 %
Average Age	31.9		32.1	
<b>Sex</b>				
Female	1,388	72.25 %	1,294	73.94 %
Male	533	27.75	456	26.06
Total	1,921	100.00 %	1,750	100.00 %
<b>Degree Type</b>				
Associate of Arts	566	29.46 %	494	28.23 %
Associate of Applied Business	316	16.45	263	15.03
Associate of Applied Science	717	37.32	694	39.66
Associate of Science	83	4.32	102	5.83
Associate of Technical Science	4	0.21	10	0.57
Certificate	157	8.17	145	8.29
Post-Degree Certificate	38	1.98	34	1.94
Short Term Certificate	40	2.08	8	0.46
Total	1,921	100.00 %	1,750	100.00 %

Source: College Records - Institutional Research.

(1) Information prior to fiscal year 2007 is not available.

**Cuyahoga Community College**

*Capital Asset Information*

*Last Two Fiscal Years (1)*

<b>Location</b>	<b>2008</b>	<b>2007</b>
<b>District Administration Building</b>		
Total Square Footage	47,245	47,245
Total Acreage	2.5	2.5
<b>Eastern Main Campus</b>		
Total Square Footage	487,493	487,493
Total Acreage	114.2	114.2
<b>Metropolitan Campus</b>		
Total Square Footage	843,752	843,752
Total Acreage	51.7	51.7
<b>Western Campus</b>		
Total Square Footage	674,957	648,525
Total Acreage	194.3	194.3
<b>Corporate College West</b>		
Total Square Footage	127,632	127,632
Total Acreage	18.0	18.0
<b>Corporate College East</b>		
Total Square Footage	103,790	103,790
Total Acreage	124.7	124.7
Total Square Footage	2,284,869	2,258,437
Total Acreage	505.3	505.3
<b>Dining</b>		
Dining - Seating Capacity	975	975
Dining - Average Daily Customers	1,775	1,775
<b>Number of Vehicles</b>		
Private Passenger	32	32
Light Trucks	17	17
Medium Trucks	16	16
Heavy Trucks	2	2
Extra Heavy Trucks	4	0
Trailers	6	2
Fire Trucks	2	2
Motorcycles	2	3
Total Vehicles	81	74
<b>Parking Capacity</b>		
Metro	1,585	1,585
District	105	105
East	1,574	1,574
West	3,215	3,215
Total parking capacity	4,789	4,789

Source: College Records

(1) Information prior to fiscal year 2007 is not available.



**Where futures begin<sup>SM</sup>**

Cuyahoga Community College  
700 Carnegie Avenue  
Cleveland, OH 44115  
[www.tri-c.edu](http://www.tri-c.edu)

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**CUYAHOGA COMMUNITY COLLEGE**

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
<b>STUDENT FINANCIAL AID CLUSTER (SFA)</b>			
<b>U.S. Department of Education:</b>			
Direct Programs:			
Federal Pell Grant Program		84.063	25,630,781
Federal Supplemental Education Opportunity Grant		84.007	1,078,533
Federal Work-Study Program		84.033	<u>913,158</u>
Total Student Financial Aid Cluster			<u>27,622,472</u>
<b>OTHER PROGRAMS</b>			
<b>Academic Support—U.S. Department of Education:</b>			
Pass-Through Programs from			
Ohio Department of Education:			
Tech-Prep		84.243	258,198
Pass-Through Programs from			
Stevens Institute of Technology:			
Community College Pathways to Improved Teacher Prep			
Academic Competitiveness Grant (ACG)		84.375	<u>124,868</u>
Total Other Programs—Academic Support			<u>383,066</u>
<b>PUBLIC SERVICE</b>			
<b>U.S. Department of Education:</b>			
Direct Programs:			
Trio Cluster:			
Student Support Services	P042A050455	84.042A	<u>263,842</u>
Total CFDA #84.042			<u>263,842</u>
Project Talent Search	P044A020973	84.044A	531,679
Upward Bound Math and Science	P047M070262	84.047	133,285
Upward Bound	P047A030041	84.047A	390,480
Veterans Upward Bound	P047A030440	84.047A	<u>273,369</u>
Total CFDA #84.047			<u>1,328,813</u>
Education Opportunity Center	P066A070262	84.066A	<u>306,978</u>
Total Trio Cluster			<u>1,899,633</u>

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, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
<b>PUBLIC SERVICE</b>			
<b>U.S. Department of Education (continued):</b>			
Pass-Through Programs from			
Ohio Department of Education:			
Adult Basic and Literacy Education	PROJECT #063404-AB-S2-2008	84.002	35,407
Adult Basic and Literacy Education	PROJECT #063404-AB-S1-2008	84.002	42,257
Adult Basic and Literacy Education	PROJECT #063404-AB-S2-2007	84.002	7,696
Adult Basic and Literacy Education	PROJECT #063404-AB-S1-2007	84.002	33,814
Total CFDA #84.002			<u>119,174</u>
Community College Pathways (PT3)	527226-02	84.342A	27,618
Total CFDA #84.342			<u>27,618</u>
We Are IT Program		84.048	2,887
Pass-Through Program from			
Ohio Department of Education:			
Educational Opportunity Center		84.048	29,691
Vocational Education—Women in Transition		84.048	111,733
Vocational Education—Student Support		84.048	98,469
Vocational Education—Access		84.048	374,369
Total CFDA #84.048			<u>617,149</u>
Total Public Service			<u>2,663,574</u>
Total U.S. Department of Education			<u>30,669,112</u>
<b>National Institute of Health:</b>			
Direct Program:			
Bridges to Success	2 R25 GM49010	93.859	167,302
Total National Institute of Health			<u>167,302</u>
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, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
<b>PUBLIC SERVICE</b>			
<b>U.S. Department of Health and Human Services:</b>			
Pass-Through Program from Ohio Dept of Jobs and Family Svcs:			
Pass-Through Program from Starting Point:			
Early Childhood Learning Opportunities	None	93.577	36,618
Pass-Through Programs from Cuyahoga County Board of Commissioners:			
PACE Program		93.558	<u>212,004</u>
Total U.S. Department of Health and Human Services			<u>248,622</u>
<b>National Science Foundation:</b>			
Pass-Through Program from Brevard Community College:			
Spacetec-NSF	DUE-0532618	47.076	29,495
Pass-Through Program from Saddleback College:			
Rapid Prototyping Instructional Delivery Support	FL-07/05-ATE DUE 0501527	47.076	5,657
Pass-Through Program from Kentucky Community and Technical College System:			
Automotive Collaborative		47.076	18,328
Robotics Corridor Collaborative	DUE-0603427	47.076	<u>188,872</u>
Total CFDA #47.076			<u>242,352</u>
Total National Science Foundation			<u>242,352</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Pass-Through Program from City of East Cleveland:			
SPG-33 HOPE Job Training Program	None	14.412	3,390
Pass-Through Program from Cuyahoga County Board of Health:			
Lead Safe Work Practices Training	None	14.900	<u>5,847</u>
Total U.S. Department of Housing and Urban Development			<u>9,237</u>

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, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
<b>PUBLIC SERVICE</b>			
<b>U.S. Department of Labor</b>			
Pass-Through Program from Cuyahoga County, Ohio: Employment Services for Youth Offender Program (YEP)	CE 0600701-01	17.259	43,221
Pass-Through Program from Cuyahoga County, Ohio and City of Cleveland, Ohio: Readiness, Employment/Academic Development for Youth	CE 0600317-01	17.259	4,908
Pass-Through Program from Cuyahoga County, Ohio and City of Cleveland, Ohio: Youth Technology Academy (YTA)	CE 0600316-01	17.259	<u>575,148</u>
Total CFDA #17.259			<u>623,277</u>
Pass-Through Program from Employment & Training Admin (ETA) Allieviating Health Care Worker Shortage	CB-15208-06-60	17.261	193,980
Pass-Through Program from Vocational Guidance Services: Youth Opportunity	None	17.263	46,470
Pass-Through Program from Cuyahoga County: Manufacturing Access		17.269	185,941
Pass-Through Program from Greater Cleveland Partnership: Third Frontier Internship Program	ECDD 06-102A	17.255	118,673
Total U.S. Department of Labor			<u>1,168,341</u>
<b>National Endowment for the Arts</b>			
Direct Program:			
Center for Arts and Culture	08-3300-7073	45.024	10,000
JazzFest 2008	06-3100-7153	45.024	<u>15,000</u>
Total CFDA #45.024			<u>25,000</u>
Pass-Through Program from Heartland Arts Fund-Arts Midwest: Mark Morris Dance Group		45.025	<u>4,800</u>
Total CFDA #45.025			<u>4,800</u>
Total National Endowment for the Arts			<u>29,800</u>
<b>U.S. Department of Justice</b>			
Pass-Through Program from the Cleveland Municipal Court Get On Track	Memorandum of Understanding	16.579	6,075
Pass-Through Program from the Ohio Dept of Youth Services Summer Leadership Camp 2007		16.540	10,000
Pass-Through Program from the Ohio Dept of Public Safety Northeast Ohio Juvenile Detention Professional Development		16.738	<u>7,488</u>
Total U.S. Department of Justice			<u>23,563</u>

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, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Number	Federal CFDA Number or Primary Grant Number	Expenditures
<b>U.S. Environmental Protection Agency</b> Euclid Creek Watershed Project	NE-96566701-0	66.951	<u>5,365</u>
Total U.S. U.S. Environmental Protection Agency			<u>5,365</u>
<b>National Aeronautics and Space Administration</b> Pass-Through Program from Paragon TEC, Inc.: SEMAA	C-77599-F	43.001	64,031
Pass-Through Program from FIRST: FIRST Robotics Competition		43.001	<u>24,000</u>
Total CFDA #43.001			<u>88,031</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>32,651,725</u></u>

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

**CUYAHOGA COMMUNITY COLLEGE  
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**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, 2008. 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,
2008		
Federal Perkins Loan Program	84.038	<u>\$ 290,835</u>

***Federal Direct Student Loan Program*** - During the fiscal year ended June 30, 2008, 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>\$9,364,721</u>

\* \* \* \* \*

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, 2008, and have issued our report thereon dated November 13, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Cuyahoga Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cuyahoga Community College's internal control over financial reporting.

A control deficiency in an entity's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain other matters that we reported to management of Cuyahoga Community College in a separate letter dated November 13, 2008.

## **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.

*Maboney + Novotny LLC*

Cleveland, Ohio  
November 13, 2008



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, 2008. Cuyahoga Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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, 2008. However, the results of our auditing procedures disclosed an 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 item 08-1.

## **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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cuyahoga Community College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

We noted a matter involving the internal control over compliance and its operation that we consider to be a significant deficiency 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 significant deficiency is described in the accompanying schedule of findings and questioned costs as item 08-1. Cuyahoga Community College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and the discretely presented component unit of Cuyahoga Community College as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

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.

*Maloney + Novotny LLC*

Cleveland, Ohio  
November 13, 2008

**CUYAHOGA COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2008**

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**Section I – Summary of Auditor’s Result**

**Financial Statements**

Type of auditor’s report issued:		<u>Unqualified</u>	
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported	

Type of auditor’s report issued on compliance for major programs:		<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	_____ <u>X</u> yes	_____ no	

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

84.007, 84.033, 84.268

Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$979,550

Auditee qualified as a low risk auditee?

\_\_\_\_\_ X yes \_\_\_\_\_ no

**CUYAHOGA COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2008**

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**Section II – Financial Statement Findings – No findings were noted.**

**Section III – Federal Award Findings and Questioned Costs**

**Finding 08-1**

**Program:**

Student Financial Assistance Cluster

**Criteria:**

According to 34 CFR 673.5 and 682.204, amounts awarded to students under all programs included in the cluster, except for the Pell Grant Program, are limited to the student's financial need less amounts of other estimated awards, except that unsubsidized loan amounts may offset the student's/parent's expected family contribution.

**Condition:**

During our audit, we selected 60 students for eligibility testing.

**Questioned Cost:**

\$1,063

**Context:**

As part of the eligibility testing, total award packages were compared to each student's need analysis to ensure that total aid did not exceed need, except as allowed under the regulations.

**Effect:**

For two students, the total amount of aid awarded exceeded the student's need.

**Cause:**

In these two cases, the students were awarded financial aid in excess of their need due to clerical oversight.

**Recommendation:**

We recommend that the College review all potential situations similar to the ones noted above to determine if any additional students may have received over awards. In addition, we recommend that the College review its procedures going forward for processing student financial aid packages to assure the financial aid does not exceed the cost of attendance.

**Management Response:**

We concur with the auditors' finding. In order to prevent this from occurring in the future, we have implemented several action steps. First, all student financial assistance staff will receive additional training relative to the awarding process. Second, we will dedicate an additional person to assist in reviewing edit reports for over awards. Third, we will start a student loan default prevention program which will include advising students to not take unneeded student loans.

**CUYAHOGA COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended June 30, 2008**

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**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.





Mary Taylor, CPA  
Auditor of State

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  
JUNE 23, 2009