JEFFERSON COMMUNITY COLLEGE

AUDIT REPORT

For the year ended June 30, 2000

Charles E. Harris & Associates, Inc.

Certified Public Accountants

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Jefferson Technical College
4000 Sunset Boulevard
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We have reviewed the Independent Auditor's Report of the Jefferson Technical College, Jefferson County, prepared by Charles E. Harris & Associates, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 22, 2000

JEFFERSON COMMUNITY COLLEGE
AUDIT REPORT
For the Year Ended June 30, 2000

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Trustees
Jefferson Community College
Steubenville, Ohio

We have audited the accompanying balance sheet of Jefferson Community College as of June 30, 2000, and the related statements of changes in fund balances and current fund revenues, expenditures and other changes for the year then ended. These general purpose financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2000, on our consideration of Jefferson Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the financial statements of Jefferson Community College taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
October 10, 2000

JEFFERSON COMMUNITY COLLEGE

Balance Sheet - Current Funds
June 30, 2000

Current Funds

ASSETS		LIABILITIES AND FUND BALANCES	
Unrestricted:		***Unrestricted:***	
Educational and General:		Educational and General:	
Cash and Cash Equivalents	$ 271,434	Accounts Payable	$ 133,119
Investments	2,300,000	Accrued Wages and Benefits	633,018
Accounts Receivable, (Net of		Deferred Revenue	132,331
Allowance of $51,711)	201,717	Due to Other Funds	26,832
Prepaid Expenses	69,084	Fund Balances:	
Interest Receivable	34,076	Appropriated	1,013,506
		Unappropriated	937,505
Total Educational and General	2,876,311	Total Educational and General	2,876,311
Auxiliary Enterprises:		Auxiliary Enterprises:	
Cash and Cash Equivalents	1,536	Sales Tax Payable	515
Prepaid Expenses	27	Accounts Payable	53,698
Inventories	264,972	Accrued Wages and Benefits	13,052
		Due to Other Funds	91,830
		Unappropriated Fund Balance	107,440
Total Auxiliary Enterprises	266,535	Total Auxiliary Enterprises	266,535
Total Unrestricted Funds	3,142,846	Total Unrestricted Funds	3,142,846
Restricted Funds:		***Restricted Funds:***	
Accounts Receivable	217,052	Accounts Payable	79,849
Due from Other Funds	160,993	Accrued Wages and Benefits	21,459
Prepaid Expenses	165	Deferred Revenue	8,693
		Appropriated Fund Balance	268,209
Total Restricted Funds	378,210	Total Restricted Funds	378,210
TOTAL CURRENT FUNDS	$ 3,521,056	***TOTAL CURRENT FUNDS***	$ 3,521,056

See accompanying Notes to the Financial Statements.

JEFFERSON COMMUNITY COLLEGE

Balance Sheet - Endowment, Agency and Loan Funds

June 30, 2000

ASSETS		LIABILITIES AND FUND BALANCES	
Endowment Funds:		***Endowment Funds:***	
Cash and Cash Equivalents	$ 176,534	Fund Balance:	
Investments	27,779	Unappropriated	$ 204,313
Total Endowment Funds	204,313	Total Endowment Funds	204,313
Agency Fund:		***Agency Fund:***	
Cash and Cash Equivalents	35,584	Deposits	32,365
Cash and Cash Equivalents in		Accounts Payable	3,925
Segregated Accounts	3,306	Due to Other Funds	2,600
Total Agency Fund	38,890	Total Agency Fund	38,890
Loan Fund:		***Loan Fund:***	
Cash and Cash Equivalents	2,123	Due to Other Funds	39,731
Notes Receivable	40,076	Unappropriated Fund Balance	2,468
Total Loan Fund	$ 42,199	Total Loan Fund	$ 42,199

See accompanying Notes to the Financial Statements.

JEFFERSON COMMUNITY COLLEGE

Balance Sheet - Plant Funds

June 30, 2000

Plant Funds

ASSETS		LIABILITIES AND FUND BALANCES	
Investment in Plant:		***Investment in Plant:***	
Land	273,000	Fund Balance:	
Buildings and Improvements	11,707,614		
Movable Equipment	4,049,101	Investment in Plant	16,029,715
Total Investment in Plant	16,029,715	Total Investment in Plant	16,029,715
TOTAL PLANT FUNDS	$ 16,029,715	***TOTAL PLANT FUNDS***	$ 16,029,715

See accompanying Notes to the Financial Statements.

JEFFERSON COMMUNITY COLLEGE

STATEMENT OF CURRENT FUND REVENUES,
EXPENDITURES AND OTHER CHANGES
For the year ended June 30, 2000

	Unrestricted Funds			Restricted	Total
	Educational and General	Auxiliary	Total Unrestricted	Educational and General	(Memo Only) June 30, 2000
REVENUES:					
Tuition, fees and other student charges	$ 2,445,844	-	2,445,844	-	2,445,844
State appropriations	3,834,858	-	3,834,858	-	3,834,858
Federal and state grants and contracts	-	-	-	1,050,176	1,050,176
Local appropriations	1,099,070	-	1,099,070	-	1,099,070
Sales and services	-	612,129	612,129	-	612,129
Interest	185,379	-	185,379	-	185,379
Other sources	21,572	-	21,572	-	21,572
Total Revenues	7,586,723	612,129	8,198,852	1,050,176	9,249,028
EXPENDITURES:					
Instructional and departmental research	3,237,083	-	3,237,083	270,142	3,507,225
Public service	359,154	-	359,154	147,917	507,071
Academic support	646,746	-	646,746	502,617	1,149,363
Student services	747,382	-	747,382	173,872	921,254
Institutional support	1,472,004	-	1,472,004	-	1,472,004
Operation and maintenance of plant	521,917	-	521,917	-	521,917
Scholarships	218,692	-	218,692	-	218,692
Total Expenditures	7,202,978	-	7,202,978	1,094,548	8,297,526
Auxiliary Enterprises	-	655,106	655,106	-	655,106
Transfers - Additions/(Deductions):					
Nonmandatory	(72,912)	42,977	(29,935)	29,935	-
Total Transfers	(72,912)	42,977	(29,935)	29,935	-
Net Increase/(Decrease) in Fund Balance	$ 310,833	-	310,833	(14,437)	296,396

See accompanying Notes to the Financial Statements.

JEFFERSON COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended June 30, 2000

	Current Funds					Loan Fund	Endowment Fund	Plant Funds	
	Unrestricted			Restricted	Total				
	Educational and General	Auxiliary	Total Unrestricted	Educational and General	Total Current Funds	Loan	Endowment	Unexpended	Investment In Plant
Revenues and Other Additions:									
Unrestricted current fund revenues	$ 7,401,344	612,129	8,013,473	-	8,013,473	-	-	-	-
Federal & state grants & contracts	-	-	-	1,050,176	1,050,176	-	-	-	-
Private gifts, grants and contracts	-	-	-	-	-	-	7,868	-	-
Interest & dividend income	185,379	-	185,379	-	185,379	-	5,168	-	-
Expended for plant facilities	-	-	-	-	-	-	-	-	345,421
Total Revenues and Other Additions	7,586,723	612,129	8,198,852	1,050,176	9,249,028	-	13,036	-	345,421
Expenditures and Other Deductions:									
Educational and general expenditures	7,202,978	-	7,202,978	1,094,548	8,297,526	-	5,800	-	-
Auxiliary enterprises	-	655,106	655,106	-	655,106	-	-	-	-
Expended for plant facilities	-	-	-	-	-	-	-	-	159,040
Total Expenditures and Other Deductions	7,202,978	655,106	7,858,084	1,094,548	8,952,632	-	5,800	-	159,040
Transfers - Additions/(Deductions):									
Nonmandatory									
Support (to)/from restricted	(29,935)	-	(29,935)	29,935	-	-	-	-	-
Support (to)/from auxiliary	(42,977)	42,977	-	-	-	-	-	-	-
Total Transfers	(72,912)	42,977	(29,935)	29,935	-	-	-	-	-
Net increase/(decrease) in fund balance	310,833	-	310,833	(14,437)	296,396	-	7,236	-	186,381
Beginning fund balance - 7/1/99	1,640,178	107,440	1,747,618	282,646	2,030,264	2,468	197,077	-	15,843,334
Ending fund balance - 6/30/00	$ 1,951,011	107,440	2,058,451	268,209	2,326,660	2,468	204,313	-	16,029,715

See accompanying Notes to the Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The significant accounting policies followed by Jefferson Community College are described below to enhance the usefulness of the financial statements to the reader.

The Reporting Entity

Jefferson Community College was created pursuant to Section 3358 of the Ohio Revised Code. The College's purpose is to provide instruction in post secondary education programs. Students who satisfactorily complete such programs receive certificates or associates degrees and are qualified to pursue careers in technical or professional fields.

In evaluating how to define the College for financial reporting purposes, management has considered all agencies, departments and organizations making up Jefferson Community College (the College) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the College, as the primary government, is financially accountable. The College is financially accountable for an organization if the College appoints a voting majority of the organization's governing board and 1) the College is able to significantly influence the programs or services performed or provided by the organization; or 2) the College is legally entitled to or can otherwise access the organization's resources; the College is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the College is obligated for the debt of the organization. Component units may also include organizations for which the College approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the College has determined that there were no component units required to be included the financial statements.

Basis of Accounting

The financial statements of Jefferson Community College have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities, except for depreciation. In addition, the College uses the encumbrance method of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred, without regard to the time of receipt or payment. The statement of current fund revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operation or the net income or loss as would a statement of income or statement of revenues and expenses.

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

Fund Accounting

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

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

All accounts are classified into the following groups:

Current Funds
Loan Funds
Plant Funds
Agency Funds
Endowment Funds

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

> Unrestricted Educational and General funds are unrestricted and available for general operating purposes.
>
> Auxiliary Enterprises (Bookstore, Central Services, and Pre-School) funds are available for the operation of the bookstore, central services, and pre-school, operated primarily for students and staff. Monies are accounted for similar to a business enterprise in which they are intended to be funded by revenues generated by the specific activity.
>
> Restricted funds are available for current operating purposes but only in compliance with restrictions specified by donors or grantors.

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

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

Plant Funds include two self-balancing sub-groups:

Unexpended Plant funds include resources derived from various sources to finance the acquisition of long-life assets. There was no activity in the Unexpended Plant Funds for the year ended June 30, 2000.

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

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for (a) as expenditures of current funds and additions to property and equipment in the plant funds, in the case of moveable equipment; (b) as mandatory transfers in the case of required provisions for debt amortization and interest; and (c) as transfers of a non-mandatory nature in other cases, principally provisions for construction or other renovations.

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

Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

Budget vs. Estimated Revenue

Annually, the College develops a balanced budget for the College based on projected expenditures from department directors and anticipated revenue including tuition and fees and the subsidy from the Ohio Board of Regents. The Board of Trustees approves the budget.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditures/expenses of monies are encumbered and recorded as the equivalent of expenditures/expenses on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance.

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

Cash and Investments

To improve cash management, cash received by the College is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the College's records. Each funds' interest in the pool is presented as "cash and cash equivalents" or "investments" on the balance sheet.

During fiscal year 2000, investments were limited to certificates of deposit, repurchase agreements and mutual fund shares.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

Following Ohio statutes, the College has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Educational and General fund during the fiscal year 2000 amounted to $185,379 and $5,168 to the Endowment Fund.

The College has segregated bank accounts for monies held separate from the College's central bank account. These accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be posted into the College's treasury.

For purposes of the presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Inventories

The College's inventories consist principally of books and supplies of the bookstore. Bookstore inventories at year end are stated at the lower of cost or market basis (first-in, first-out). College inventories exclude inventories of central services and maintenance supply stores which are considered to be expenditures at the time of purchase and are deemed to have been consumed within the current period.

Gifts and Pledges

Gifts, bequests, grants, and other receipts restricted as to use by outside grantors or agencies are recorded when collected as additions directly in the fund group appropriate to the restricted nature of the receipt. Unrestricted gifts, bequests, and grants are recorded as unrestricted current fund revenues and recorded only when collected.

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

Prepaid Expenses and Deferred Charges

Payments made to vendors for services that will benefit periods after June 30, 2000 are recorded as prepaid expenses using the consumption method by recording the asset and reflecting the expense in the year which it is consumed.

Due to other funds/Due from other funds

Receivables and payables arising between funds for goods or services rendered are classified as "Due to/Due from" other funds.

Deferred Revenue

Cash collected, or to be collected during the current year, which will not be earned or available until after June 30, 2000.

Accrued Wages and Benefits

A liability set up for hourly full time and part time employees' wages earned during fiscal year 2000 and not paid until fiscal year 2001, due to these employees' earning all of their pay in the current year, but one week of the annual contracts for hourly full time employees are not paid until fiscal year 2001 and two weeks of the annual contracts for hourly part time employees are not paid until fiscal year 2001. Also included is vacation and sick leave benefits, which the College has implemented the provisions of Governmental Accounting Standards Board statement number 16, "Accounting for Compensated Absences" (See Note 6). Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

Income Taxes

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

Fund Balance

Appropriated fund balances are portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unappropriated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Appropriated fund balance in unrestricted funds is reserved for future improvements in land, buildings and equipment purchases. See note 7 for further description.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.”

Deposits: At year end, the carrying amount of the College's deposits was $2,166,195 and the bank balance was $2,163,594. On the bank balance:

1. $205,106 was covered by federal depository insurance.

2. $1,958,488 was uninsured, but collateralized by U.S. Government securities pooled by the depositories not in the College's name. As with all deposits, there is a risk of loss of assets, but management believes this collateral gives the College its safest deposit of money.

Investments

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

2. DEPOSITS AND INVESTMENTS (continued)

Investments - (continued)

	Risk Category 1	2	3	Carrying Amount	Fair Value
Donated Stocks	$ -0-	$ 27,779	$ -0-	$ 27,779	$ 27,779
Repurchase Agreement	-0-	-0-	620,000	620,000	620,000
Total	$ -0-	$ 27,779	$ 620,000	$ 647,779	$ 647,779

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is a follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	$ 490,517	$ 2,327,779
Cash on Hand	(4,322)	
Investments:		
Certificates of Deposit (Over 90 Days)	2,300,000	(2,300,000)
Repurchase Agreement	(620,000)	620,000
GASB Statement 3	$ 2,166,195	$ 647,779

3. ACCOUNTS RECEIVABLE

Receivables at June 30, 2000 consisted of accounts (tuition and other fees), interfund, notes, interest and intergovernmental grants. All receivables, except for doubtful accounts receivable in collection with the Ohio Attorney General, are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. Accounts receivable at June 30, 2000, net of allowance for doubtful accounts in Current Unrestricted (Educational and General) funds are $ 201,717.

4. INVESTMENT IN PLANT

Investment in plant at June 30, 2000 is composed of the following:

Description	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	$ 273,000	$ -0-	$ -0-	$ 273,000
Buildings and Building Improvement	11,386,979	320,635	-0-	11,707,614
Movable Equipment and Furniture	3,977,090	231,051	(159,040)	4,049,101
Construction in Progress	206,265	-0-	(206,265)	-0-
Total	$ 15,843,334	$ 551,686	$ (365,305)	$ 16,029,715

5. STATE SUPPORT

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

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

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

6. ACCRUED WAGES AND BENEFITS

The following is the composition of Accrued Wages and Benefits:

STRS Payable	$ 38,390
SERS Payable	42,887
Vacation and Sick Leave Payable	471,307
Salaries and Wages Payable	77,277
Miscellaneous	37,668
Total	$ 667,529

The STRS Payable represents payments to be made in fiscal year 2001 to the State Teachers Retirement System for the College's share of employee retirement earned in fiscal year 2000 (See Note 9 to the Financial Statements). The SERS payable represents withholdings made from employees in fiscal 2000 to be paid to the School Employees Retirement System in fiscal 2001. Vacation and Sick Leave Payable is management's estimation of earned benefits that would be paid to employees upon termination, retirement or by the usage of vacation leave. It is recorded in accordance with Statement No. 16 of the Governmental Accounting Standards Board. Salaries and Wages Payable represent employee earnings for fiscal year 2000, but not paid until fiscal year 2001. It is mostly faculty contracts that are earned, but not yet paid at year end. The obligations are reflected on the financial statements in the Unrestricted, Auxiliary Enterprises and Restricted Fund groups.

7. RESTRICTED FUND BALANCE

The Appropriated Fund Balance in the Restricted Fund is comprised of Technology Challenge Grant, Information Systems Grant, Technology Initiative Grant, Capital Funding from the Ohio Board of Regents and Tech Prep grants. The fund balance is legally restricted in usage and may be subject to repayment to the grantor agencies if the programs are canceled.

8. TAX LEVY

The College has levied a 1 mill property tax for general operating expenses. The amount collected for the fiscal year ending June 30, 2000 was $1,099,070 and was recorded in the Educational and General Fund.

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Jefferson Community College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and Jefferson Community College is required to contribute an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The College's contributions to SERS for the years ended June 30, 2000, 1999, 1998 were $245,151, $259,075 and $222,975, respectively, equal to the required contributions for each year. Eighty-three percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. $42,887 representing the unpaid contributions for fiscal year 2000, is recorded as a liability within the respective funds.

State Teachers Retirement System

Jefferson Community College contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer retirement system administered by the State Teachers Retirement System. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% percent of their annual covered salary and Jefferson Community College is required to contribute 14 percent, 12 percent (the latest information available) was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The College's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, 1998 were $352,228, $413,764, and $395,410, respectively. Eighty-nine percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. $38,390 representing the unpaid contributions for fiscal year 2000, is recorded as a liability within the respective funds.

10. POSTEMPLOYMENT BENEFITS

The College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1999 (the latest information available) the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the College, this amount equaled $50,318 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was $2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were $249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at $12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were $126,380,984 and the target level was $189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of $188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the College, the amount to fund health care benefits, including the surcharge, equaled $127,844.

11. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2000, the College contracted with insurance companies for coverage of buildings and contents.

The following is a list of insurance coverages of the College and the deductibles associated with each:

Coverage	Amount	Deductible
Commercial Property		
Commercial Property	$ 4,190,785	$1,000
Building	20,059,000	1,000
Earthquake	6,000,000	25,000
Business Income	913,184	1,000
Boiler	300,000	1,000
Commercial General Liability		
General Liability	2,000,000	1,000
Employee Benefit Liability	1,000,000	1,000
Commercial Crime		
Employee Dishonesty	150,000	1,000
Forgery	100,000	1,000
Premises	50,000	1,000
Commercial Inland Marine		
Accounts Receivable	100,000	-
Valuable Papers	100,000	1,000
EDP	993,445	1,000
Commercial Auto		
Auto	1,000,000	1,000
Commercial Umbrella	5,000,000	10,000

11. RISK MANAGEMENT (continued)

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the College has not significantly reduced coverages in the past year.

All employees of the College are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher bond coverage.

The College pays the State Worker's Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs.

The College does not provide Vision or Dental insurance. However, each employee is granted an amount of $750, if a PPO member in a flexible spending plan, to use for reimbursement of expenses for non-covered medical payments, co-payments, etc. If an employee is not enrolled in the College's health plan, the College entitles the employee to a cash payment of $1,400 a year or $2,400 if the employee declines the health care coverage. The College self-insures a prescription drug plan for employees. Prescription expenses for fiscal year 2000 totaled $110,618.

The premiums paid by the College for full-time employees are as follows:

	Single Coverage	Double Coverage	Family Coverage
P.P.O.	$ 233.66	$ 514.05	$ 665.45

Double Coverage premium for the P.P.O. plan is, for example, coverage for an employee and spouse, or an employee and child which would not, in these instances, require full family plan coverage.

12. PENDING LITIGATION

At June 30, 2000, there were lawsuits and claims pending against Jefferson Community College. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of Jefferson Community College.

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

JEFFERSON COMMUNITY COLLEGE

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

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
U.S. Department of Education				
Student Financial Aid Cluster:				
Pell Grant - Financial Aid	Direct	84.063	$ 1,239,605	$ 1,239,605
Pell Grant - Administrative Allowance	"	"	3,385	3,385
Total Pell Grant			1,242,990	1,242,990
S.E.O.G. - Financial Aid	"	84.007	31,162	31,162
S.E.O.G. - Administrative Allowance	"	"	3,028	3,028
Total S.E.O.G.			34,190	34,190
College Work Study - Financial Aid	"	84.033	31,674	31,674
College Work Study - Admin. Allowance	"	"	114	114
Total College Work Study Program			31,788	31,788
Total Student Financial Aid Cluster			1,308,968	1,308,968
U.S. Department of Education/ Pass Through Ohio Department of Education				
Tech Prep Programs	524	84.243	506,033	304,318
A.B.L.E. Workplace Literacy Project	063453-AB-SI-99	84.002	19,982	20,470
Perkins Grant	VEC P11-P99-511	84.048	57,166	57,214
Total Ohio Department of Education			583,181	382,002
Total U.S. Department of Education			1,892,149	1,690,970
U.S. Department of Labor Pass Through Ohio Bureau of Employment Services				
Job Training Partnership Act				
Jefferson County:				
J.T.P.A. - Tuition Reimbursement	4D7310000	17.250	87,694	87,694
J.T.P.A. - Program Administration	"	"	68	68
Harrison County:				
J.T.P.A. - Tuition Reimbursement	"	17.250	519	519
Total U.S. Department of Labor			88,281	88,281
U.S Appalachian Regional Commission:				
Vocational and Other Education Facilities	HB215235-477	23.012	50,000	52,321
Total Appalachian Regional Commission			50,000	52,321
U.S. Department of Human Services/ Pass Through Ohio Board of Regents				
J.O.B.S Program	561	33.561	87,262	77,226
Total U.S. Department of Human Services			87,262	77,226
National Science Foundation:				
Education and Human Resources	53-0206152	47.076	24,473	49,091
Total National Science Foundation			24,473	49,091
Corporation for National Service/ Pass Through Ohio Governor's Community Service Council				
Americorp Program	FY99ASCOH036	94.006	292	3,157
Total Corporation for National Service			292	3,157
Total Federal Financial Assistance			$ 2,142,457	$ 1,961,046

See accompanying Notes to the Schedule of Federal Awards Expenditures

JEFFERSON COMMUNITY COLLEGE
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2000

1. General

The accompanying Schedule of Federal Awards Expenditures of Jefferson Community College presents the activity of all federal awards of the College. The College's reporting entity is defined in Note 1 to the College's financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

The basis of accounting for this schedule is the accrual basis, which is consistent in the financial reporting basis. See Note 1 of the Financial Statements.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

The Board of Trustees of
Jefferson Community College
Steubenville, Ohio

We have audited the financial statements of Jefferson Community College, as of and for the year ended June 30, 2000, and have issued our report thereon dated October 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

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

Internal Controls Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the College in a separate letter dated October 10, 2000.

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

Charles E. Harris & Associates, Inc.
October 10, 2000

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Charles E. Harris & Associates, Inc.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

The Board of Trustees
Jefferson Community College
Steubenville, Ohio

Compliance

We have audited the compliance of Jefferson Community College with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program cluster for the year ended June 30, 2000. The College's major federal program cluster is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program cluster is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson 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 the College's compliance with those requirements.

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

Internal Control Over Compliance

The management of Jefferson 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 the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133.*

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.
October 10, 2000

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

JEFFERSON COMMUNITY COLLEGE
JEFFERSON COUNTY
June 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	*Type of Financial Statement Opinion*	Unqualified
(d)(1)(ii)	*Were there any material control weakness conditions reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material non-compliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weakness conditions reported for major federal programs?*	No
(d)(1)(iv)	*Were there any other reportable internal control weakness conditions reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Unqualified
(d)(1)(vi)	*Are there any reportable findings under Section .510*	No
(d)(1)(vii)	*Major Programs:*	Pell Grant CFDA 84.063 S.E.O.G. CFDA 84.007 College Work Study 84.033
(d)(1)(viii)	*Dollar Threshold: Type A\B Programs*	Type A: > $300,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee?*	Yes

JEFFERSON COMMUNITY COLLEGE
JEFFERSON COUNTY
June 30, 2000

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 1999, included no material citations or recommendations.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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JEFFERSON COMMUNITY COLLEGE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 09, 2001