

**SOUTHERN STATE COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF OHIO**

**Financial Statements and Additional Information
For The Years Ended June 30, 2000 and 1999 and
Independent Auditors' Report**

Reports On Internal Control and Compliance



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Southern State Community College

We have reviewed the Independent Auditor's Report of the Southern State Community College, Highland County, prepared by Parns & Company, Inc., for the audit period July 1, 1999 to 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 Southern State Community College is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 19, 2000

SOUTHERN STATE COMMUNITY COLLEGE

Table of Contents

<u>Description</u>	<u>Page(s)</u>
Independent Auditors' Report	1-2
Balance Sheet	3
Statement of Changes in Fund Balances	4
Statement of Current Fund Revenues, Expenditures and Other Changes	5
Notes to the Financial Statements	6-17
Additional Information to the Basic Financial Statements:	
Balance Sheet	18
Schedule of Changes in Fund Balances	19
Schedule of Current Revenues - Educational and General	20
Schedule of Current Expenditures - Educational and General	21
Schedule of Revenues, Expenses, and Other Changes - Auxiliary Operations	22
Schedule of Expenditures of Federal Awards	23-24
Notes to Schedule of Expenditures of Federal Awards	25
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	28-29
Schedule of Findings and Questioned Costs as Required Under OMB Circular A-133	30-31
Schedule of Prior Year Findings and Questioned Costs Required Under OMB Circular A-133	32

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Southern State Community College
Hillsboro, Ohio

We have audited the accompanying balance sheet of Southern State Community College (the College), a component unit of the State of Ohio, as of June 30, 2000 and 1999, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the years then ended. These financial statements are the responsibility of Southern State Community College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 audits 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 Southern State Community College as of June 30, 2000 and 1999, and the changes in its fund balances and the current funds revenues, expenditures, and other changes for the years then ended, in conformity with generally accepted accounting principles.

The additional information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Southern State Community College. 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 respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Southern State Community College. 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 respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards* we have also issued a report dated September 26, 2000, on our consideration of Southern State Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Parms & Company, I nc.

Columbus, Ohio
September 26, 2000

SOUTHERN STATE COMMUNITY COLLEGE
BALANCE SHEET
As of June 30, 2000 and 1999

	Current Funds				Endowment Fund	Loan Funds	Plant Funds	Agency Funds	Foundation					
	Unrestricted		Restricted											
	2000	1999	2000	1999										
ASSETS														
Cash and equivalents (Note B)	\$ 4,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Investments	792,735	1,292,996	305,863	1,022,760	2,940	4,357	-	6,139	-	-	12,801	12,875	193,749	162,837
Accounts receivable, net (Note A)	144,503	82,164	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	290,354	341,847	310,976	200,714	-	-	-	-	486,046	106,377	-	-	-	-
Notes receivable	-	-	-	-	-	-	19,932	93,618	-	-	-	-	-	-
Inventories (Note A)	97,492	121,112	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses/ other assets	27,194	48,827	-	-	9,378	7,961	-	-	-	-	-	-	-	-
Investment in plant (Note J)	-	-	-	-	-	-	-	-	25,801,286	20,350,601	-	-	-	-
Interfund receivable	469,102	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$1,825,549	\$1,886,946	\$616,839	\$1,223,474	\$12,318	\$12,318	\$19,932	\$99,757	\$26,287,332	\$20,456,978	\$12,801	\$12,875	\$193,749	\$162,837
LIABILITIES AND FUND BALANCE														
Accounts payable	\$ 46,068	\$ 183,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,430	\$ 81,022	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-	-	8,347	-	460,755	-	-	-	-	-
Accrued wages and benefits	236,483	197,463	-	-	-	-	-	-	-	-	-	-	-	-
Accrued vacation	125,318	154,049	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income (Note A)	81,904	53,979	-	-	-	-	-	-	-	-	-	-	-	-
Deposits held in custody for others	-	-	-	-	-	-	-	-	-	-	12,801	12,875	-	-
Capital lease obligation (Note D)	-	-	-	-	-	-	-	-	94,683	129,131	-	-	-	-
Notes payable (Note E)	-	-	-	-	-	-	-	-	44,285	129,879	-	-	-	-
Total Liabilities	489,773	588,509	-	-	-	-	8,347	-	643,153	340,032	12,801	12,875	-	-
Fund balance(Note A)	1,335,776	1,298,437	616,839	1,223,474	12,318	12,318	11,585	99,757	25,644,179	20,116,946	-	-	193,749	162,837
Total liabilities and fund balance	\$1,825,549	\$1,886,946	\$616,839	\$1,223,474	\$12,318	\$12,318	\$19,932	\$99,757	\$26,287,332	\$20,456,978	\$12,801	\$12,875	\$193,749	\$162,837

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

SOUTHERN STATE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
For The Years Ended June 30, 2000 and 1999

	Current Funds				Endowment Fund		Loan Funds		Plant Funds		Foundation	
	Unrestricted		Restricted									
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
REVENUES AND ADDITIONS												
Unrestricted current fund revenues	\$8,383,210	\$7,948,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	-	-	2,757,977	2,616,624	-	-	-	-	-	-	-	-
State grants and contracts	-	-	1,448,122	1,432,340	-	-	-	-	-	-	-	-
Local grants and contracts	-	-	246,339	139,543	-	-	-	-	-	-	-	-
Private gifts, grants contracts	-	-	108,687	108,950	-	-	-	-	-	-	68,301	78,576
Expended for plant facilities	-	-	-	-	-	-	-	-	5,527,233	3,372,649	-	-
Other additions to fund balances	-	-	-	-	-	-	-	-	-	-	10,094	6,334
Total revenues and additions	8,383,210	7,948,085	4,561,125	4,297,457	-	-	-	-	5,527,233	3,372,649	78,395	84,910
EXPENDITURES AND DEDUCTIONS												
Education and general expenditures	7,203,779	6,663,672	4,561,125	4,297,457	-	-	-	-	-	-	47,483	40,162
Auxiliary enterprises	1,024,870	853,305	-	-	-	-	-	-	-	-	-	-
Loan cancellations and writeoffs	-	-	-	-	-	-	88,172	-	-	-	-	-
Administration and collection cost	-	-	-	-	-	-	-	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures and deductions	8,228,649	7,516,977	4,561,125	4,297,457	-	-	88,172	-	-	-	47,483	40,162
Transfers among funds - additions/(deductions)												
Mandatory:	(117,222)	(137,540)	117,222	137,540	-	-	-	-	-	-	-	-
Nonmandatory:												
Excess of restricted receipts	-	-	(723,857)	608,130	-	-	-	-	-	-	-	-
Net transfers in (out)	(117,222)	(137,540)	(606,635)	745,670	-	-	-	-	-	-	-	-
Net increase (decrease) for the year	37,339	293,568	(606,635)	745,670	-	-	(88,172)	-	5,527,233	3,372,649	30,912	44,748
Fund balances, beginning of year	1,298,437	1,004,869	1,223,474	477,804	12,318	12,318	99,757	99,757	20,116,946	16,744,297	162,837	118,089
Fund balances, end of year	\$1,335,776	\$1,298,437	\$ 616,839	\$1,223,474	\$12,318	\$12,318	\$11,585	\$99,757	\$25,644,179	\$20,116,946	\$193,749	\$162,837

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

SOUTHERN STATE COMMUNITY COLLEGE
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For The Years Ended June 30, 2000 and 1999

REVENUES	Unrestricted						Restricted		Total Current Funds	
	Educational and General		Auxiliary		Total Unrestricted		Educational and General		Total Current Funds	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Tuition, fees, and other student charges	\$3,192,703	\$3,092,720	\$ -	\$ -	\$3,192,703	\$3,092,720	\$ -	\$ -	\$ 3,192,703	\$ 3,092,720
State appropriations	3,540,550	3,509,009	-	-	3,540,550	3,509,009	-	-	3,540,550	3,509,009
Federal grants and contracts	-	-	-	-	-	-	2,757,977	2,616,624	2,757,977	2,616,624
State grants and contracts	432,478	278,378	-	-	432,478	278,378	1,448,122	1,432,340	1,880,600	1,710,718
Local grants and contracts	-	-	-	-	-	-	246,339	139,543	246,339	139,543
Private gifts, grants, and contracts	-	-	-	-	-	-	108,687	108,950	108,687	108,950
Sales and services	-	-	1,075,038	952,750	1,075,038	952,750	-	-	1,075,038	952,750
Other sources	<u>142,441</u>	<u>115,228</u>	<u>-</u>	<u>-</u>	<u>142,441</u>	<u>115,228</u>	<u>-</u>	<u>-</u>	<u>142,441</u>	<u>115,228</u>
Total revenues	7,308,172	6,995,335	1,075,038	952,750	8,383,210	7,948,085	4,561,125	4,297,457	12,944,335	12,245,542
 EXPENDITURES AND TRANSFERS										
Educational and general:										
Instructional & departmental research	3,357,509	3,164,391	-	-	3,357,509	3,164,391	15,694	-	3,373,203	3,164,391
Separately budgeted research	3,183	6,264	-	-	3,183	6,264	-	-	3,183	6,264
Public service	178,059	213,036	-	-	178,059	213,036	978,124	958,278	1,156,183	1,171,314
Academic support	898,272	862,286	-	-	898,272	862,286	8,966	-	907,238	862,286
Student services	787,856	682,102	-	-	787,856	682,102	138,345	125,867	926,201	807,969
Institutional support	853,512	732,597	-	-	853,512	732,597	124,072	-	977,584	732,597
Operation and maintenance of plant	835,194	701,653	-	-	835,194	701,653	-	-	835,194	701,653
Scholarships and fellowships	<u>290,194</u>	<u>301,343</u>	<u>-</u>	<u>-</u>	<u>290,194</u>	<u>301,343</u>	<u>3,295,924</u>	<u>3,213,312</u>	<u>3,586,118</u>	<u>3,514,655</u>
Total educational and general expenditures	7,203,779	6,663,672	-	-	7,203,779	6,663,672	4,561,125	4,297,457	11,764,904	10,961,129
Mandatory transfers for:										
Auxiliary enterprises	-	-	1,024,870	853,305	1,024,870	853,305	-	-	1,024,870	853,305
Non-mandatory transfers										
	<u>117,222</u>	<u>147,540</u>	<u>-</u>	<u>(10,000)</u>	<u>117,222</u>	<u>137,540</u>	<u>606,635</u>	<u>(745,670)</u>	<u>723,857</u>	<u>(608,130)</u>
Total expenditures and transfers	<u>7,321,001</u>	<u>6,811,212</u>	<u>1,024,870</u>	<u>843,305</u>	<u>8,345,871</u>	<u>7,654,517</u>	<u>5,167,760</u>	<u>3,551,787</u>	<u>13,513,631</u>	<u>11,206,304</u>
Net increase in fund balances	\$ <u>(12,829)</u>	\$ <u>184,123</u>	\$ <u>50,168</u>	\$ <u>109,445</u>	\$ <u>37,339</u>	\$ <u>293,568</u>	\$ <u>(606,635)</u>	\$ <u>745,670</u>	\$ <u>(569,296)</u>	\$ <u>1,039,238</u>

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

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Description of the College

Southern State Community College (the College) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The financial statements present only the financial position and results of operations of the College, which is a component unit of the State of Ohio.

On March 12, 1974, the County Commissioners of Adams, Brown, Clinton, Highland, and Fayette Counties unanimously approved, by resolution, a joint proposal for the creation of a state general and technical college within the territory of these counties, pursuant to Ohio Revised Code (ORC) Section 3358.02(B). Pursuant to these actions, the Ohio Board of Regents created Southern State General and Technical College on April 19, 1974. A nine member Board of Trustees was appointed by the Governor of Ohio on May 21, 1974, pursuant to ORC Section 3358.04. The Community College was chartered on February 21, 1975. On October 21, 1977, the name of the College was officially changed from Southern State General and Technical College to Southern State Community College.

The College operates under the direction of a nine member Board of Trustees who are appointed by the Governor with the advice and consent of the Ohio Senate. A President is appointed by the Board of Trustees to oversee day-to-day operations of the College. An appointed treasurer is the custodian of funds and is responsible for the fiscal control of the resources of the College.

The College was organized principally to offer educational programs beyond high school, normally not exceeding two years in duration, and leading to the award of an associate degree. The College offers programs in the liberal arts and sciences, technical training, and adult and continuing education, as outlined in ORC Section 3358.01.

Accrual Basis

The financial statements of the College have been prepared on the accrual basis except for depreciation accounting. 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 operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual Basis (Continued)

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

Fund Accounting

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

Current Funds

This group accounts for funds which are available for current operating purposes. The Current Funds Group is further subdivided into three types:

Educational and General: Funds which are unrestricted and available for general operating purposes.

Auxiliary Enterprises: Funds which are available for the operations of the various enterprises operated primarily for students and staff.

Restricted: Funds which are available for current operating purposes, but only in compliance with restrictions specified by the donor or grantors.

Loan Fund

This group accounts for funds available for lending to students. The fund operates on a revolving basis. Loans granted are receivables of the fund until repaid, at which time, the money becomes available for new loans. During the year ended June 30, 2000, management changed its estimates about the collectibility of notes receivable within the loan fund and established an allowance for doubtful accounts of \$88,172.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Endowment Fund

This group accounts for funds that the donors or other outside agencies have stipulated, as a condition of the gift instrument, that in perpetuity that the principal be invested and the income only be utilized.

Plant Fund

This group accounts for the following funds: (1) funds to be used for the acquisition of physical properties for institutional purposes but unexpended at the date of reporting; (2) funds set aside for the renewal and replacement of institutional properties; (3) funds expended for and thus invested in institutional properties.

Agency Fund

This group accounts for funds held by the College as custodian or fiscal agent for others such as individual students, organizations, or faculty members.

Southern State Community College Foundation Fund

The Southern State Community College Foundation (the Foundation) is a not-for-profit Ohio Corporation which was formed April 4, 1997, and began operations in 1997. The Foundation operates under a separate board exclusively to generate, receive, hold, invest, manage, and allocate funds and property for the advancement, achievement, and support of the educational programs and services of the College and its beneficiaries (students and the community). Because the Foundation provides a financial benefit to the College and the College exercises managerial control over the Foundation's day-to-day operations, it is reported as a component unit of the College. The Foundation does not issue separate financial statements.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds. 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 in achieving any of its institutional purposes.

Generally, all unrestricted revenues are accounted for in the current unrestricted funds. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Current restricted funds are reported as revenues and expenditures when expended for current operating purposes. At June 30, 2000 and 1999 all current fund balances were unallocated.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The College uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable budget. Encumbrances for goods and services received but not paid for at fiscal year-end are reported as liabilities on the Balance Sheet statement.

Inventory

Inventories consist principally of books and supplies of the bookstore and central stores inventories which are stated at lower of cost or market determined on the first-in-first-out (FIFO) basis.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the investment in plant is reduced accordingly. Routine maintenance and repairs are charged to expenses as incurred.

Depreciation on plant and equipment is not recorded. Certain assets purchased through capital leases have been capitalized and included as part of equipment in the accompanying financial statements.

Accounts Receivables

At June 30, 2000 and 1999, accounts receivable consist primarily of student tuition and fees, and intergovernmental grants and contracts in the Educational and General Fund, and intergovernmental grants and contracts in the Restricted Fund. Student accounts receivable are reported net of an allowance for doubtful accounts of \$232,695 and \$226,713 at June 30, 2000 and 1999, respectively, whereas other receivables are reported at net using the direct write-off method.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Income

Deferred revenue in the current unrestricted fund is primarily comprised of receipts relating to tuition and student fees in advance of the service to be provided. The College will recognize unrestricted revenue to the extent these services are provided over the next fiscal year.

Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Investments

The College makes investments in accordance with the Board of Trustees' policy, which conforms with the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Treasurer within these policy guidelines. As of June 30, 2000 and 1999, investments held by the College were valued at \$1,308,088 and \$2,501,964, respectively.

Pledges

The College recognizes revenue from pledges in the year in which the pledge is collected.

Reclassifications

Certain reclassifications were made to properly classify items previously reported as cash equivalents to investments.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

B. CASH AND EQUIVALENTS AND INVESTMENTS

At June 30, 2000 and 1999, the carrying amount of the College's cash deposits was \$4,169 and \$0, respectively; and the bank balances were \$360,073 and \$130,290, respectively. The differences represent normal reconciling items associated with timing differences. At June 30, 2000 and 1999, \$100,000 of the bank balances were insured by the FDIC (Category 1); the remaining bank balances were Category 3.

Statement No. 3 of the Government Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year-end. These categories follow:

Category 1 - Deposits and investments that are insured or registered, or for which securities are held by the College or its agent in the name of the College.

Category 2 - Deposits and investments that are uninsured and unregistered, with securities held by the broker's trust department or agent in the College's name.

Category 3 - Investments and deposits that are uninsured and unregistered with the securities held by the broker or dealer, or by its trust department or agent but not in the College's name.

The following summarizes the carrying value and market value of investments at June 30, 2000 and 1999:

<u>Description</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Market Value</u>
<i>June 30, 2000:</i>			
Star Ohio	\$ 449,711	449,711	\$ 449,711
CD's maturing beyond 90 days	750,000	750,000	750,000
Common and preferred stock	<u>104,130</u>	<u>108,377</u>	<u>108,377</u>
Total Investments	<u>\$1,303,841</u>	<u>1,308,088</u>	<u>\$1,308,088</u>
 <i>June 30, 1999:</i>			
Star Ohio	\$2,479,727	2,479,727	\$2,479,727
Common and preferred stock	<u>21,298</u>	<u>22,237</u>	<u>22,237</u>
Total Investments	<u>\$2,501,025</u>	<u>2,501,964</u>	<u>\$2,501,964</u>

The Star Ohio investment account is an external investment pool. Oversight of the pool is through the Treasurer of State. The fair value of the College's position in the pool is the same as the value of its pool share. Such investments are not required to be categorized in accordance with Governmental Accounting Standards Board Statement No. 3. All other investments are Category 1.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

C. STATE SUPPORT

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

In addition to the student subsidies, the State of Ohio provides the funding for the construction of major plant facilities on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of a facility, the Board of Regents turns over control to the College, which capitalizes the cost thereof.

Neither the obligation for the revenue bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Board of Regents by the General Assembly.

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

As a result of the above-described financial assistance provided by the State of Ohio to the College, outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's financial balance sheet.

In addition, appropriations by the General Assembly to the Ohio Board of Regents for payment of debt service charges are not reflected in the appropriations received by the College, and the related debt service payments are not recorded in the College's accounts.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

D. CAPITAL LEASES

The College is obligated under certain leases accounted for as capital leases. The leased assets have a carrying value of approximately \$169,000. The related lease obligations are accounted for in the plant fund.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2000.

Years Ended <u>June 30.</u>	<u>Amount</u>
2001	\$ 36,964
2002	34,568
2003	29,777
2004	<u>-</u>
Total minimum lease payments	101,309
Less: Amount representing interest	<u>(6,626)</u>
Present value of minimum lease payments	<u>\$ 94,683</u>

E. NOTES PAYABLE

Note payable to the National Bank and Trust Company, dated June 24, 1998, bearing interest at 5.32% and requiring 30 monthly payments of \$7,536 each, (including principal and interest). The note is secured by equipment listed in a separate security agreement, date June 24, 1998.

Future debt maturities are as follows:

Years ended <u>June 30.</u>	<u>Amount</u>
2001	<u>\$45,218</u>
Total minimum payments	45,218
Less: Amount representing interest	<u>(933)</u>
Present value of minimum payments	<u>\$44,285</u>

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2000 and 1999

F. PENDING LITIGATION

The College is a co-defendant in lawsuits and claims pending against the College as of June 30, 2000. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the College.

G. RETIREMENT PLANS

The College's faculty is covered by State Teachers Retirement Systems of Ohio (STRS). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (PERS). These retirement programs are statewide cost-sharing multiple employer defined benefit pension plans. They provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute. STRS and PERS issue separate, publicly-available financial reports that include financial statements and required supplementary information. The STRS or PERS financial reports may be obtained by writing or calling:

<u>STRS</u>	<u>PERS</u>
State Teacher's Retirement System of Ohio 275 East Broad Street Columbus, OH 43215-3371 (614) 227-4090 or (888) 227-7877	Public Employees Retirement System of Ohio 277 East Town Street Columbus, OH 43215-4642 (614) 466-2085 or (800) 222-7377

Funding Policy.

The Ohio Revised Code provides STRS and PERS statutory authority for employee and employer contributions. The required, actuarially-determined contribution rates for plan members and the College for fiscal years 2000 and 1999 were 9.3% and 14% of covered payroll for STRS, respectively, and 8.5% and 13.31% of covered payroll for PERS, respectively.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

For The Years Ended June 30, 2000 and 1999

G. RETIREMENT PLANS (continued)

The College's contributions, which represent 100% of the required contributions, for the year ended June 30, 2000 and for each of the two preceding years were as follows:

Years Ended <u>June 30,</u>	STRS Annual Required <u>Contributions</u>	PERS Annual Required <u>Contributions</u>
2000	\$445,263	\$202,553
1999	430,243	185,083
1998	391,773	166,101

Trend information showing the progress of STRS and PERS in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from STRS and PERS.

H. OTHER POST-RETIREMENT BENEFITS

Public Employees Retirement System (PERS)

In addition to the retirement benefits described above, PERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefits (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for funding of post retirement health care.

The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for state employers was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

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

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

For The Years Ended June 30, 2000 and 1999

H. OTHER POST-RETIREMENT BENEFITS (continued)

Public Employees Retirement System (PERS) (continued)

PERS expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the audited estimated net assets available for future PERS OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for PERS OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

State Teachers Retirement System (STRS)

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Pursuant to the Ohio Revised Code, STRS has discretionary authority over how much, if any, of the associated 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.

The ORC grants authority to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the costs of the coverage is paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000, will be 8% of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS Ohio were \$249,929,000. There were 95,796 eligible benefit recipients.

SOUTHERN STATE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

For The Years Ended June 30, 2000 and 1999

I. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the College carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

J. INVESTMENT IN PLANT

Investment in plant as of June 30, 2000 and 1999 was composed of the following:

	<u>2000</u>	<u>1999</u>
Land	\$ 1,027,441	\$ 1,027,441
Building and improvements	18,341,696	12,119,870
Equipment	6,043,533	5,703,522
Library books	335,593	335,593
Art collection	53,023	5,523
Construction in progress	<u>-</u>	<u>1,158,652</u>
Total	<u>\$25,801,286</u>	<u>\$20,350,601</u>

K. CAPITAL PROJECT COMMITMENTS

The College has committed \$1,000,000 toward the construction of a YMCA facility on the College's central campus. Under the agreement, the College's students will have access to the facility based upon a specific schedule.

L. OPERATING LEASES

The College is the lessor under a three-year operating lease with the Highland County Department of Health, which expires in June 2001. Future minimum rentals to be received under this lease as of June 30, 2000 for each of the next five fiscal years and in the aggregate are:

<u>Years ended</u> <u>June 30,</u>	<u>Amount</u>
2001	<u>12,000</u>
Total minimum future rentals	<u>\$12,000</u>

ADDITIONAL INFORMATION TO THE BASIC FINANCIAL STATEMENTS

SOUTHERN STATE COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2000

	Current Funds			Restricted	Total Current Funds	Endowment Fund	Loan Fund	Plant Fund	Agency Fund	Foundation
	Unrestricted							Investment In Plant		
	Educational and General	Auxiliary	Total Unrestricted	Educational and General						
ASSETS										
Cash and equivalents	\$ 4,169	\$ -	\$ 4,169	\$ -	\$ 4,169	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	659,053	133,682	792,735	305,863	1,098,598	2,940	-	-	12,801	193,749
Accounts receivable, net	144,503	-	144,503	-	144,503	-	-	-	-	-
Other receivables	227,926	62,428	290,354	310,976	601,330	-	-	486,046	-	-
Notes receivable	-	-	-	-	-	-	19,932	-	-	-
Inventories	4,728	92,764	97,492	-	97,492	-	-	-	-	-
Prepaid expenses and other assets	27,194	-	27,194	-	27,194	9,378	-	-	-	-
Investment in plant	-	-	-	-	-	-	-	25,801,286	-	-
Interfund receivable	<u>469,102</u>	<u>-</u>	<u>469,102</u>	<u>-</u>	<u>469,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$1,536,675</u>	<u>\$288,874</u>	<u>\$1,825,549</u>	<u>\$616,839</u>	<u>\$2,442,388</u>	<u>\$12,318</u>	<u>\$19,932</u>	<u>\$26,287,332</u>	<u>\$12,801</u>	<u>\$193,749</u>
LIABILITIES AND FUND BALANCE										
Accounts payable	\$ 42,304	\$ 3,764	\$ 46,068	\$ -	\$ 46,068	\$ -	\$ -	\$ 43,430	\$ -	\$ -
Interfund payable	-	-	-	-	-	-	8,347	460,755	-	-
Accrued wages and benefits	236,483	-	236,483	-	236,483	-	-	-	-	-
Accrued vacation	125,318	-	125,318	-	125,318	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deferred income	81,904	-	81,904	-	81,904	-	-	-	-	-
Deposits held in custody for others	-	-	-	-	-	-	-	-	12,801	-
Capital lease obligation	-	-	-	-	-	-	-	94,683	-	-
Note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,285</u>	<u>-</u>	<u>-</u>
Total liabilities	486,009	3,764	489,773	-	489,773	-	8,347	643,153	12,801	-
Fund balance	<u>1,050,666</u>	<u>285,110</u>	<u>1,335,776</u>	<u>616,839</u>	<u>1,952,615</u>	<u>12,318</u>	<u>11,585</u>	<u>25,644,179</u>	<u>-</u>	<u>193,749</u>
Total liabilities and fund balance	<u>\$1,536,675</u>	<u>\$288,874</u>	<u>\$1,825,549</u>	<u>\$616,839</u>	<u>\$2,442,388</u>	<u>\$12,318</u>	<u>\$19,932</u>	<u>\$26,287,332</u>	<u>\$12,801</u>	<u>\$193,749</u>

ADDITIONAL INFORMATION TO THE BASIC FINANCIAL STATEMENTS

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 2000

	Current Funds				Endowment Funds	Loan Funds	Plant Funds Investment in Plant	Foundation
	Unrestricted		Restricted					
	Educational and General	Auxiliary	Total Unrestricted	Educational and General	Total Current Funds			
<u>REVENUES AND ADDITIONS</u>								
Unrestricted current fund revenue	\$7,308,172	\$1,075,038	\$8,383,210	\$ -	\$ 8,383,210	\$ -	\$ -	\$ -
Federal grants & contracts	-	-	-	2,757,977	2,757,977	-	-	-
State appropriations, grants & contracts	-	-	-	1,448,122	1,448,122	-	-	-
Local grants and contracts	-	-	-	246,339	246,339	-	-	-
Private gifts, grants & contracts	-	-	-	108,687	108,687	-	-	68,301
Expended for plant facilities (including \$457,706 charged to current fund expenditures)	-	-	-	-	-	-	-	5,527,233
Other sources	-	-	-	-	-	-	-	10,094
Total revenues and additions	<u>7,308,172</u>	<u>1,075,038</u>	<u>8,383,210</u>	<u>4,561,125</u>	<u>12,944,335</u>	<u>-</u>	<u>-</u>	<u>5,527,233</u> <u>78,395</u>
<u>EXPENDITURES AND DEDUCTIONS</u>								
Educational and general expenditures	7,203,779	-	7,203,779	4,561,125	11,764,904	-	-	47,483
Auxiliary enterprises	-	1,024,870	1,024,870	-	1,024,870	-	-	-
Loan cancellations & write-offs	-	-	-	-	-	-	88,172	-
Expended for plant facilities	-	-	-	-	-	-	-	-
Total expenditures and deductions	<u>7,203,779</u>	<u>1,024,870</u>	<u>8,228,649</u>	<u>4,561,125</u>	<u>12,789,774</u>	<u>-</u>	<u>88,172</u>	<u>-</u>
Transfers among funds	<u>(117,222)</u>	<u>-</u>	<u>(117,222)</u>	<u>(606,635)</u>	<u>(723,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) for the year	(12,829)	50,168	37,339	(606,635)	(569,296)	-	(88,172)	30,912
Fund balances, beginning of year	<u>1,063,495</u>	<u>234,942</u>	<u>1,298,437</u>	<u>1,223,474</u>	<u>2,521,911</u>	<u>12,318</u>	<u>99,757</u>	<u>20,116,946</u> <u>162,837</u>
Fund balance at end of year	<u>\$1,050,666</u>	<u>\$ 285,110</u>	<u>\$1,335,776</u>	<u>\$ 616,839</u>	<u>\$ 1,952,615</u>	<u>\$12,318</u>	<u>\$11,585</u>	<u>\$25,644,179</u> <u>\$193,749</u>

ADDITIONAL INFORMATION TO THE BASIC FINANCIAL STATEMENTS

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF CURRENT REVENUES - EDUCATIONAL AND GENERAL
For The Year Ended June 30, 2000

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Totals</u>
Tuition, fees, and other student charges			
Instructional	\$3,006,369	\$ -	\$ 3,006,369
General	99,628	-	99,628
Non-credit	-	-	-
Application and matriculation	25,605	-	25,605
Fines and penalties	324	-	324
Other	<u>60,777</u>	<u>-</u>	<u>60,777</u>
Total tuition, fees, and other student charges	3,192,703	-	3,192,703
State appropriations instruction subsidy	3,540,550	-	3,540,550
Federal grants and contracts	-	2,757,977	2,757,977
State grants and contracts	432,478	1,448,122	1,880,600
Local grants and contracts	-	246,339	246,339
Private grants and contracts	-	108,687	108,687
Other Sources			
Temporary investment income	100,512	-	100,512
Rental income	8,552	-	8,552
Other	<u>33,377</u>	<u>-</u>	<u>33,377</u>
Total other sources	<u>142,441</u>	<u>-</u>	<u>142,441</u>
Total current revenues			
Unrestricted and restricted	<u>\$7,308,172</u>	<u>4,561,125</u>	<u>\$11,869,297</u>

ADDITIONAL INFORMATION TO THE BASIC FINANCIAL STATEMENTS

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF CURRENT EXPENDITURES - EDUCATIONAL AND GENERAL
For The Year Ended June 30, 2000

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Instruction and department research			
General education	\$1,717,916	-	\$ 1,717,916
Business technology	527,084	-	527,084
Engineering technology	198,746	-	198,746
Health technology	789,825	-	789,825
Other	<u>127,121</u>	<u>15,694</u>	<u>142,815</u>
Total instruction and departmental research	3,360,692	15,694	3,376,386
Public service	178,059	978,124	1,156,183
Academic support			
Learning resource centers	354,597	-	354,597
Other	<u>543,675</u>	<u>8,966</u>	<u>552,641</u>
Total academic support	898,272	8,966	907,238
Student services			
Student services	688,228	138,345	826,573
College-funded student activities	<u>99,628</u>	<u>-</u>	<u>99,628</u>
Total student services	787,856	138,345	926,201
Institutional support			
President's office	23,553	-	23,553
Business office	315,944	-	315,944
Administrative and personnel	5,602	-	5,602
Public information	105,608	-	105,608
Other	<u>402,805</u>	<u>124,072</u>	<u>526,877</u>
Total institutional support	853,512	124,072	977,584
Operation and maintenance of plant			
Custodial, maintenance and grounds	511,360	-	511,360
Utilities	284,391	-	284,391
Insurance	<u>39,443</u>	<u>-</u>	<u>39,443</u>
Total operation and maintenance of plant	835,194	-	835,194
Scholarships	<u>290,194</u>	<u>3,295,924</u>	<u>3,586,118</u>
Total current expenditures - educational and general	<u>\$7,203,779</u>	<u>\$4,561,125</u>	<u>\$11,764,904</u>

ADDITIONAL INFORMATION TO THE BASIC FINANCIAL STATEMENTS

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENSES, AND OTHER CHANGES
AUXILIARY ENTERPRISE

For The Year Ended June 30, 2000

	<u>Bookstore</u>	<u>Daycare</u>	<u>Center for Business and Industry</u>	<u>Continuing Education</u>	<u>Total</u>
Revenues	\$700,237	\$226,428	\$122,301	\$26,072	\$1,075,038
Cost of sales	<u>535,916</u>	<u>21,736</u>	<u>24,255</u>	<u>18,549</u>	<u>600,456</u>
Gross margin	164,321	204,692	98,046	7,523	474,582
Administrative and general expenses:					
Administrative salaries	39,833	43,215	29,452	-	112,500
Support staff salaries	-	-	12,480	-	12,480
Part-time support staff salaries	6,691	133,183	9,851	-	149,725
Fringe benefits allocated	7,864	35,103	10,750	-	53,717
Office supplies	420	192	882	166	1,660
Printing supplies/photocopying	409	3,143	606	-	4,158
Travel-conference reimbursement	-	-	3,198	-	3,198
Travel-mileage reimbursement	1,152	332	4,377	-	5,861
Special events	-	-	245	-	245
Advertising	-	-	128	-	128
Telephone	3,350	5,979	5,375	-	14,704
Dues and subscriptions	-	-	128	272	400
Postage	12,439	153	135	-	12,727
Computer services	2,143	-	-	-	2,143
Staff development	-	620	250	-	870
Other professional fees	55	-	44,413	972	45,440
Equipment greater than \$50	<u>3,708</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>4,458</u>
Total administrative and general expenses	<u>78,064</u>	<u>221,920</u>	<u>123,020</u>	<u>1,410</u>	<u>424,414</u>
Surplus/(deficit)	<u>\$ 86,257</u>	<u>\$(17,228)</u>	<u>\$(24,974)</u>	<u>\$ 6,113</u>	<u>\$ 50,168</u>

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2000

FEDERAL GRANTOR:

<i>Direct Recipient/Pass-Through Grantor:</i> CFDA Program Title	<u>Award Number</u>	<u>Federal Fiscal Year</u>	<u>Expenditures</u>
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U.S. DEPARTMENT OF EDUCATION:

Direct Recipient:

Federal Supplemental Education Opportunity Grant Program	84.007	2000	\$ 81,009
Federal Supplemental Education Opportunity Grant Program	84.007	1999	14,731
Federal Supplemental Education Opportunity Grant Program	84.007	1998	(1,824)
Federal Supplemental Education Opportunity Grant Program	84.007	1997	<u>(8,372)</u>
Subtotal Federal Supplemental Education Opportunity Grant Program			85,544
Federal Pell Grant Program	84.063	2000	1,195,129
Federal Pell Grant Program	84.063	1999	(14,226)
Federal Pell Grant Program	84.063	1998	20,426
Federal Pell Grant Program	84.063	1997	<u>365</u>
Subtotal Pell Grant Program			1,201,694
Federal Work-Study Program	84.033	2000	42,686
Federal Work-Study Program	84.033	1999	3,851
Federal Work-Study Program	84.033	1998	<u>(5,287)</u>
Subtotal Federal Work-Study Program			41,250
Federal Direct Loan Program (Note 2)	84.268	2000	1,515,959
Federal Direct Loan Program (Note 2)	84.268	1999	<u>(73,199)</u>
Subtotal Federal Direct Loan Program (Note 2)			<u>1,442,760</u>
Subtotal Student Financial Assistance Cluster of Programs			2,771,248

Passed through the Ohio Department of Education:

Adult Education State Grant Program	84.002	2000	114,004
Vocational Education Basic Grants to States	84.048	2000	<u>66,288</u>

Total U.S. Department of Education			2,951,540
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SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2000
(Continued)

FEDERAL GRANTOR:

<i>Direct Recipient/Pass-Through Grantor:</i> CFDA Program Title	Award Number	Federal Fiscal Year	Expenditures
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U.S. DEPARTMENT OF LABOR:

Passed Through the Ohio Department of Education:

Employment Services and Job Training Pilot and Demonstration Program	17.249	2000	19,516
Total U.S. Department of Labor			19,516

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Passed Through the Ohio Department of Education:

Child Care and Development Block Grant	93.575	2000	6,800
Child Care and Development Block Grant	93.575	1999	4,420
Total U.S. Department Health and Human Services			11,220

TOTAL EXPENDITURES OF FEDERAL AWARDS			\$2,982,276
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SOUTHERN STATE COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

Note 1 Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the College's federal award programs. The schedule has been prepared on the cash basis of accounting.

Note 2 Direct Loan Program

The amount included on the schedule of expenditures of federal awards represents new loans advanced during the fiscal year ended June 30, 2000. The College is a direct lender for these loan funds, however they are not responsible for collecting these loans in future periods.

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

Board of Trustees
Southern State Community College

We have audited the financial statements of Southern State Community College (the College) as of and for the year ended June 30, 2000, and have issued our report thereon dated September 26, 2000. We conducted our audit in accordance with generally accepted auditing 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the College in a separate letter dated September 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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, which we have reported to management of the College in a separate letter dated September 26, 2000.

This report is intended solely for the use of the audit committee, 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.

Parms & Company, I nc.

September 26, 2000
Columbus, Ohio

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Southern State Community College

Compliance

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

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

Internal Control Over Compliance

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

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

This report is intended solely for the use of the audit committee, 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.

Parms & Company, I nc.

September 26, 2000
Columbus, Ohio

**SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2000**

Section I. Summary of Auditor's Results

A. *Financial Statements:*

- | | | |
|----|---|---------------------|
| 1. | Type of auditor's report issued: | <u>UNQUALIFIED</u> |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | ___ Yes <u>X</u> No |
| a. | Reportable condition(s) identified that are not considered to be material weakness(es)? | ___ Yes <u>X</u> No |
| 3. | Noncompliance material to financial statements noted? | ___ Yes <u>X</u> No |

B. *Federal Awards:*

- | | | |
|----|--|---------------------|
| 1. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | ___ Yes <u>X</u> No |
| b. | Reportable condition(s) identified that are not considered to be material weakness(es)? | ___ Yes <u>X</u> No |
| 2. | Type of auditor's report issued on compliance for major programs: | <u>UNQUALIFIED</u> |
| 3. | Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | ___ Yes <u>X</u> No |
| 4. | Identification of major programs by program name (CFDA Number(s)): | |
| c | Student Financial Aid Cluster of Programs | |
| 5. | Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u>300,000</u> |
| 6. | Auditee qualified as low-risk auditee? | <u>X</u> Yes ___ No |

SOUTHERN STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2000

Section II. Financial Statement Findings

No findings.

Section III. Federal Award Findings and Questioned Costs

No findings.

SOUTHERN STATE COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2000

The prior audit report contained no audit findings and no questioned costs.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SOUTHERN STATE COMMUNITY COLLEGE

HIGHLAND 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 02, 2001**