

Jefferson Community College

Audit Report

For the year ended June 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Trustees
Jefferson Community College
4000 Sunset Boulevard
Steubenville, Ohio 43952

We have reviewed the *Independent Accountants' Report* of the Jefferson Community College, Jefferson County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2008 through June 30, 2009. 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 Community College is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 4, 2010

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**Jefferson Community College
Audit Report
For the year ended June 30, 2009**

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Independent Accountants' Report

Board of Trustees
Jefferson Community College
Steubenville, Ohio

We have audited the accompanying basic financial statements of Jefferson Community College, (a non-profit organization) and the discretely presented component unit, as of June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respect, the financial position of Jefferson Community College and the discretely presented component unit as of June 30, 2009, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 - 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic 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.

S. R. Smolgrass, A.C.

Steubenville, Ohio
November 13, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of Jefferson Community College's Annual Financial Report presents management's discussion and analysis of the college's financial activity during the fiscal year ended June 30, 2009.

USING THIS ANNUAL REPORT

The College is reporting its financial position in accordance with the Governmental Accounting Standards Board (GASB) Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35 – *For Public Colleges and Universities*, as amended by GASB Statements 37 and 38. Comparative condensed financial information has been presented for the current year and the prior year.

This report consists of three basic financial statements: The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These statements provide information on the College as a whole, and present a snapshot of the College's finances. The following functions are included in the college's basic financial statements:

- Instruction
- Academic Support
- Student Services
- Institutional Support
- Operation and Maintenance of Plant
- Student Aid
- Public Service
- Auxiliary Services

The Statement of Net Assets acts much as a consolidated balance sheet does for a business. It shows the book value of all asset categories, and compares them to the amount of liabilities, with the residual difference, called Net Assets, being detailed by the type of commitment which gave rise to the underlying assets.

The Statement of Revenues, Expenses and Changes in Net Assets acts as a statement of the College's operations. Revenues and expenses on the accrual basis of accounting are detailed by operating type, and the reconciliation between the beginning and ending Net Assets is presented.

The Statement of Cash Flows presents the sources and uses of all cash transactions conducted by the College, broken down by type of functional activity. This statement assists the reader in determining the College's ability to generate future cash flows, meet its obligations as they become due and assess the need for additional funding or financing.

These statements can help the reader understand what the financial health of the College is at the end of the fiscal year, as well as indicating the changes in financial position since the end of the prior year. Over time, increases in net assets, which are the result of the College's keeping expenses lower than revenues, indicate a strengthening of the College's financial health.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic position of Jefferson Community College is closely tied to that of the state. The current conditions in Ohio mirror that of many other states. State and federal government leaders seem determined to continue to support community college activities despite the budget constraints at each level. Support for Ohio public colleges will be subsidized by federal stimulus dollars for fiscal years 2010 and 2011.

Jefferson Community College will officially become Eastern Gateway Community College in October 2009. Eastern Gateway Community College, authorized by the Ohio General Assembly in July 2009, will serve Trumbull, Mahoning, Columbiana, and Jefferson Counties in eastern Ohio and the Mahoning Valley. This will open a large market for potential enrollment increase for the college.

Eastern Gateway makes community college education accessible and affordable by integrating the College into all aspects of the community. Classes began in August 2009. Students may take college classes from the comfort of their own home, on their own time, using the Internet. Learners in all four counties will be able to interact with one another through video conferencing without leaving their own community. And, traditional classes are being offered through use of existing facilities to help keep the cost of a college education down. To start, a total of six locations will be serving students—the four career and technical centers within the Mahoning Valley, the Jefferson County Campus of Eastern Gateway and the Valley Center at Forum Health Northside Medical Center in Youngstown.

Partnerships are the foundation upon which Eastern Gateway has been established. The College is using its own programs and borrowing existing community college programs that meet higher education standards to save time and money associated with the development and delivery of new programs. Through Eastern Gateway, a variety of well established and industry-accredited community college programs are available to residents of eastern Ohio and the Mahoning Valley.

The base of the college is built upon the 40-year history of Jefferson Community College, a comprehensive community college offering all the students and support services the students require. The college is transitioning into the new college.

In addition to partnerships with the other community colleges, Eastern Gateway will work closely with local universities so credits from a two-year degree are easily transferable to a bachelor or graduate degree.

CAPITAL PROJECTS

In fiscal year 2009, the college completed the repaving of the parking lots around the main building of the campus. The college also completely renovated the Bookstore that is currently outsourced to Nebraska Book Company who contributed over \$50,000 towards the construction, as well as an additional \$56,000 for a point of sale system.

During the summer of 2009, the college began renovation of the biology and chemistry labs which are scheduled for completion in the fall of 2009.

The college will begin the process of renovating the second floor of the Pugliese Training Center in the fall of 2009 with completion sometime in 2010. This project will primarily help in the development of a wellness center for students and staff, as well as add some administrative offices.

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the changes in net assets from fiscal year 2008 to fiscal year 2009 for the college.

Net Assets	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Invested in capital assets, net of related debt	\$10,012,539	\$ 9,649,690
Bond Fund	(1,170,531)	(1,373,954)
Restricted for: Expendable		
Scholarships	269,721	309,385
Capital	601,494	703,676
Educational and General	1,533,561	836,944
Unrestricted (General and Auxiliary)	<u>3,198,560</u>	<u>3,040,341</u>
Total Net Assets	<u>\$14,445,344</u>	<u>\$13,166,082</u>

The following is a summary of unrestricted educational and general revenue by source:

Revenue	FY2009		FY2008	
State Appropriations	\$4,637,645	43.09%	4,230,107	38.53%
Tuition and Fees	4,403,922	40.91%	4,352,183	39.65%
Levy Funds	1,188,815	11.04%	1,176,230	10.71%
Other	297,373	2.76%	236,029	2.15%
Auxiliary	236,891	2.20%	983,096	8.96%
Total Unrestricted Revenue	\$10,764,646	100%	10,977,645	100%

FY 2008 was the final year of the Bookstore being operated by the college. The college signed an agreement that took effect in May 2008 to outsource the Bookstore, which is the reason for the decrease in Auxiliary income.

The following is a summary of unrestricted educational and general expenses by source:

Expenses	FY2009		FY2008	
Wages and Salaries	\$5,228,700	49.84%	5,014,727	50.25%
Fringe Benefits	1,930,296	18.40%	1,800,067	18.03%
All Other Expenses	1,806,178	17.21%	1,590,908	15.94%
Scholarships	602,578	5.74%	481,216	4.82%
Supplies	344,732	3.29%	443,488	4.44%
Maintenance and Repairs	330,852	3.15%	446,656	4.48%
Equipment	248,631	2.37%	203,911	2.04%
Total Unrestricted Expenses	\$10,491,967	100%	9,980,973	100%

Jefferson Community College
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Primary Institution</u>	<u>Component Unit</u>
	<u>Jefferson Community College</u>	<u>Jefferson Community College Foundation</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,473,875	\$ 29,476
Investments	3,450,000	200,000
Property tax receivable	831,201	-
Other receivables	949,846	-
Other assets	<u>235,247</u>	<u>-</u>
Total current assets	<u>\$ 6,940,169</u>	<u>\$ 229,476</u>
Non-current Assets		
Restricted cash and cash equivalents	\$ 3,016	\$ -
Endowment investments	35,708	-
Capital assets, gross	18,904,583	-
Accumulated depreciation	<u>(8,892,044)</u>	<u>-</u>
Total assets	<u>\$16,991,432</u>	<u>\$ 229,476</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 424,910	\$ -
Accrued wages	71,542	-
Deferred revenue	270,736	-
Deposits	28,423	-
Bond interest payable	41,437	-
Long term liabilities, current portion	<u>226,837</u>	<u>-</u>
Total current liabilities	<u>\$ 1,063,885</u>	<u>\$ -</u>
Non current Liabilities		
Compensated absences	\$ 538,509	\$ -
Bond payable	<u>943,694</u>	<u>-</u>
Total Liabilities	<u>\$ 2,546,088</u>	<u>\$ -</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 8,842,008	\$ -
Restricted For: Expendable		
Scholarships	178,956	201,061
Capital	601,494	2,603
Educational and general	1,533,561	-
Restricted For: Nonexpendable		
Scholarships	90,765	-
Unrestricted	<u>3,198,560</u>	<u>25,812</u>
Total Net Assets	<u>14,445,344</u>	<u>229,476</u>
 Total liabilities and net assets	 <u>\$16,991,432</u>	 <u>\$ 229,476</u>

The accompanying notes are an integral part of this statement

Jefferson Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
JUNE 30, 2009

	Primary Institution	Component Unit
	Jefferson Community College	Jefferson Community College Foundation
REVENUES		
Operating Revenues		
Tuition and student fees (Net of scholarship allowances of \$2,587,879)	\$ 1,812,718	\$ -
Auxiliary enterprises revenue	236,891	-
State grants and contracts	346,761	-
Federal grants and contracts	1,104,565	-
Local grants and contracts	12,391	-
Other operating revenue	191,604	-
Donations	-	48,368
Total operating revenues	<u>\$ 3,704,930</u>	<u>\$ 48,368</u>
EXPENSES		
Operating expenses:		
Education and General	\$ 4,886,970	\$ 2,277
Public Service	990,422	-
Academic Support	727,536	-
Student services	1,533,128	-
Institutional support	2,443,303	-
Operation and maintenance of plant	997,517	-
Scholarships and fellowships	636,989	24,567
Auxiliary enterprises	141,337	-
Depreciation	408,940	-
Total operating expenses	<u>\$12,766,142</u>	<u>\$ 26,844</u>
Operating (loss) income	<u>\$ (9,061,212)</u>	<u>\$ 21,524</u>
NON-OPERATING REVENUES		
Capital Funds (bond retirement)	\$ 203,423	\$ -
State grants and contracts	6,406,606	-
Federal grants and contracts	2,438,175	-
Local grants and contracts	11,193	-
Capital grants and contracts	374,607	-
Investment income	108,820	8,129
Property taxes	797,651	-
Total non operating revenues	<u>\$10,340,475</u>	<u>\$ 8,129</u>
Increase in net assets	1,279,263	29,653
Net assets - beginning of year	<u>13,166,081</u>	<u>199,823</u>
Net assets - end of year	<u>\$14,445,344</u>	<u>\$ 229,476</u>

The accompanying notes are an integral part of this statement

**Jefferson Community College
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Primary Institution</u>
	<u>Jefferson Community College</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 1,587,473
Grants and contracts	1,336,338
Payments to suppliers	(4,767,228)
Payroll and fringe benefits	(7,503,281)
Auxiliary enterprise charges	233,665
Other Income	<u>191,604</u>
Net cash used by operating activities	<u>\$(8,921,429)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Local property taxes	\$ 778,715
State appropriations	6,186,546
Grants and contracts	<u>3,150,468</u>
Net cash provided by non-capital financing activities	<u>\$10,115,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (771,789)
Capital financing	<u>367,405</u>
Net cash provided by capital and related financing activities	<u>\$ (404,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	\$ 71,657
Proceeds from maturing CD's	1,750,000
Purchase of long term CD's and investments	<u>(2,450,000)</u>
Net cash used in investing activities	<u>\$ (628,343)</u>
Net decrease in cash	<u>161,573</u>
Cash, Beginning of Year	<u>1,315,319</u>
Cash, End of Year	<u>\$ 1,476,892</u>

The accompanying notes are an integral part of this statement.

Jefferson Community College
STATEMENT OF CASH FLOWS – continued
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Primary Institution</u>
	<u>Jefferson Community College</u>
Operating loss	\$(9,061,211)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation	408,940
Net changes in:	
Receivables	(323,847)
Inventories	(3,226)
Other assets	28,963
Accounts payable and other liabilities	57,729
Accrued wages	633
Deferred revenue	(31,451)
Deposits held	573
Compensated absences	<u>1,468</u>
Net cash used by operating activities	<u><u>\$(8,921,429)</u></u>

The accompanying notes are an integral part of this statement.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY

Jefferson Community College is a political subdivision established for the purpose of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The College operates under an appointed Board of Trustees. Management believes the financial statements included in this report represent all of the Funds of the College over which the college has the ability to exercise direct operating control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The College reports as a Business Type Activity. Business Type Activities are those activities that are financed in whole or in part by fees charged to external parties for goods and services. Pursuant to provisions of GASB Statement No. 35, the full scope of the College's activities is considered to be a single business type activity and accordingly, is reported within a single column in the basic financial statements. Restricted grant revenue is recognized only to the extent expended.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

Estimates

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

Net Assets

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Effective July 1, 2002 the College adopted GASB No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, as amended by GASB Statements No. 37 and No. 38. GASB No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net assets categories:

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of debt.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES
(CONTINUED)

Restricted net assets – expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets – non-expendable: Non-expendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources 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.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Cash Equivalents

For the purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Ohio. Accounts receivable also include amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Property taxes receivable include estimated amounts due at June 30, 2009.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES
(CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 40 years for buildings and building improvements, 10 years for equipment other than computer equipment, and 3 years for computer equipment.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

The College follows the provisions of *Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences*.

Employee vacation and sick pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences payable in the statements of net assets, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net assets. The college is applying the termination method to calculate compensated absences.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES
(CONTINUED)

Noncurrent Liabilities

Noncurrent liabilities include estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Income Tax

The College, as a political subdivision of the State of Ohio, is excluded from federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenue: Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of external scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* such as state appropriations, investment income and property taxes.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of external scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. External scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

3. DEPOSITS AND INVESTMENTS

The investment and deposit of College monies is governed by the Ohio Revised Code. In accordance with the Ohio Revised Code, only banks located in Ohio and Ohio domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's monies is restricted to certificates of deposits, savings accounts, money market accounts, STAR Ohio, obligations of the United States government or certain agencies there of and certain industrial revenue bonds issued by other governmental entities. The College may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

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 College adopted GASB 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3). Generally this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest relate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; foreign exchange exposures that would indicate the foreign investment's denomination.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2009, the College had the following deposits and investments:

<u>Description</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
National City Bank Checking and Savings Accounts	\$1,476,891	\$1,620,156
Wesbanco CD's	1,400,000	1,400,000
Huntington Bank CD's	1,800,000	1,800,000
Chase Bank CD	250,000	250,000
Various Corporate Stock	<u>35,708</u>	<u>35,708</u>
Total Deposits and Investments	<u>\$4,962,599</u>	<u>\$5,105,864</u>

Credit Risk: The College does not have any exposure to credit risk.

Concentration of Credit Risk: The College does not have any exposure to concentration of credit risk.

Foreign Currency Risk: The College does not have any exposure to foreign currency risk.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Of the bank balance of \$5,105,864, the Federal Depository Insurance Corporation insured \$3,317,525 and the balance of \$1,788,339 was exposed to custodial credit risk because it was collateralized by U.S. Government Securities not in the College's name.

The application of GASB 40 does not have a material impact on the foundation's financial position or results of operations.

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2009 consisted of accounts (tuition and other fees), 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 awards.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

5. CAPITAL ASSETS

Changes in capital assets at June 30, 2009 is composed of the following:

<u>Description</u>	<u>Balance at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2009</u>
Capital Assets, Non-Depreciable:				
Land	\$ 629,200	\$ -	\$ -	\$ 629,200
Total Non-Depreciable	629,200	-	-	629,200
Capital Assets, Depreciable:				
Buildings and Building Improvements	\$16,054,366	\$ 517,430	\$ (16,576)	\$16,555,220
Equipment and Furniture	<u>1,626,511</u>	<u>254,359</u>	<u>(160,707)</u>	<u>1,720,163</u>
Total Depreciable	17,680,877	771,789	(177,283)	18,275,383
Less Accumulated Depreciation:				
Buildings and Building Improvements	\$ (7,247,209)	\$(339,576)	\$ 16,576	\$(7,570,209)
Equipment and Furniture	<u>(1,413,178)</u>	<u>(69,364)</u>	<u>160,707</u>	<u>(1,321,835)</u>
Total Accumulated Depreciation	(8,660,387)	(408,940)	177,283	(8,892,044)
 Total Capital Assets, Depreciable, net	 <u>9,020,490</u>	 <u>362,849</u>	 <u>-</u>	 <u>9,383,339</u>
 Capital Assets, net	 <u>\$ 9,649,690</u>	 <u>\$ 362,849</u>	 <u>\$ -</u>	 <u>\$10,012,539</u>

6. 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.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

7. LIABILITIES

Accrued liabilities include payments for SERS and STRS, and alternative retirement benefit payments due on accrued salaries. Also included are vacation and sick leave benefits and salaries and wages payable at June 30, 2009.

The SERS and STRS payable represents withholdings made from employees in fiscal 2009 to be paid to the School Employees Retirement System and the State Teachers Retirement System in fiscal 2010. Vacation/Sick Leave payable is management's estimation of earned benefits that would be paid to employees upon termination, retirement or by usage of vacation and sick 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 2009 but not paid until fiscal year 2010. It is mostly faculty contracts that are earned but not yet paid at year- end.

The following is a summary of the accounts payable, accrued liabilities, and compensated absences:

	2009
Payable to Vendors and Supplies	\$ 424,911
Accrued Salaries and Wages	71,542
Deposits	28,423
Compensated Absences	<u>538,509</u>
Total	<u>\$1,063,385</u>
Current Portion	\$ 526,344
Long-term Portion	<u>537,041</u>
	<u>\$1,063,385</u>

In October 2003, the college issued Series 2003 Bonds totaling \$2,100,000 to finance the purchase and renovation of the neighboring American Electric Power building. Purchasing the building will facilitate the growth of the college in both size and programs offered. The bonds will mature on September 30, 2013 and pay interest at a rate of 4.72% per annum. Maturity of the bonds is set forth in the following table.

2009	\$ 213,025
2010	223,080
2011	233,609
2012	244,635
2013	<u>256,182</u>
	<u>\$1,170,531</u>

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

8. TAX LEVY

The College has levied a 1-mill property tax for general operating expenses which generated \$1,188,815. This amount includes \$391,164 of state support dollars, which is being phased out in the amounts listed below. Listed below is the amount of the dollars that the College will no longer receive due to the phase out of state reimbursement for utility and personal property tax deregulation. These reductions were made by the State of Ohio to improve the business climate in the state.

<u>Calendar Year</u>	<u>Annual Dollar Reduction In Levy Money Resulting From Utility Deregulation</u>	<u>Estimated Annual Reduction In Levy Money Resulting From Personal Property Deregulation</u>
2008	45,037	0
2009	45,037	0
2010	45,037	0
2011	45,037	35,294
2012	81,066	70,588
2013	117,095	94,118
2014	153,124	117,647
2015	189,154	141,176
2016	225,183	164,706
2017	225,183	188,235
2018	225,183	200,000

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, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10% 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, 2009, 2008, 2007 were \$321,863, \$306,753 and \$307,411, respectively, equal to the required contributions for each year.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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 10% of their annual covered salary and Jefferson Community College is required to contribute 14%, 13% (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% for members and 14% for employers. The College's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2009, 2008, 2007 were \$511,029 \$482,983, and \$470,026, respectively.

10. POST EMPLOYMENT 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% of covered payroll. Through June 30, 2009 the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.7 billion at June 30, 2008 (the latest information available). For the year ended June 30, 2008, \$540 million was paid to health care providers. Overall, the Fund balance decreased \$411 million.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

After the allocation for basic benefits, the remainder of the employer's 14% is allocated to providing health care benefits. At June 30, 2008 the allocation rate was 4.18%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount. For the current year, the minimum pay has been established at \$35,800. The employer surcharge cap is applied at 2.0% of each employer's payroll and at 1.5% of total payroll statewide.

Health care claims expense increased 3.2% from \$219.4 million to \$226.4 million. The adoption of Medicare Advantage plans for the over-65 retiree population means that SERS no longer self-insures this group; resulting in a reduction of estimated claims that had not been reported at year-end and the elimination of fees paid to third-party administrators of these plans. SERS also changed to a new Pharmacy Benefit Manager effective January 2008 and realized a decrease in drug claim costs in the second half of the year.

On the basis of projections of health care fund activity and the surcharge limit established by Act 270, the allocated contributions are insufficient in the long-term to provide for a 20 year solvency period for the health care reserve fund.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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 2009, the College contracted with insurance companies for coverage of buildings and contents.

The following is a list of insurance coverage's of the College and the deductibles associated with each:

<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Commercial Property		
Commercial Property and Building (Blanket)	\$41,839,444	\$ 5,000
Earthquake	6,000,000	100,000
Business Income	1,000,000	-
Commercial General Liability		
General Liability (Per Occurrence)	1,000,000	-
Employee Liability	1,000,000	-
Employee Benefit Liability	1,000,000	-
Directors and Officers Liability	1,000,000	10,000
General Aggregate	2,000,000	-
Commercial Crime		
Employee Dishonesty	150,000	-
Forgery	150,000	-
Premises (Theft, Disappearance, Destruction)	75,000	-
Commercial Inland Marine		
Accounts Receivable	100,000	500
Valuable Papers	100,000	500
EDP	1,054,100	5,000
Commercial Umbrella	5,000,000	10,000 (Retained Limits)

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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 coverage's in the past year.

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, in a flexible spending plan, to use for reimbursement of expenses for non-covered medical payments, co-payments, etc. If a full time employee waives medical coverage, the College will pay \$2,400 per year in a flexible spending plan or a \$2,000 per year taxable cash award and \$1,200 per year to waive spousal coverage.

Rates
June 1, 2008 to June 1, 2009

	PPO
Single Coverage	\$ 439.34
Employee/Spouse	\$ 965.67
Employee/Child	\$ 741.60
Family Coverage	\$1,356.25

Rates
June 1, 2009 to June 1, 2010

	PPO
Single Coverage	\$ 511.00
Employee/Spouse	\$1,123.17
Employee/Child	\$ 862.56
Family Coverage	\$1,577.46

12. LITIGATION

At June 30, 2009, there were no lawsuits or claims pending against 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.

13. COMPONENT UNIT DISCLOSURES – JEFFERSON COMMUNITY COLLEGE FOUNDATION

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jefferson Community College Foundation (the Foundation) is a legally separate, tax-exempt organization supporting Jefferson Community College. The Foundation was established to foster excellence in teaching and learning by encouraging philanthropic support for students, faculty, programs and facilities for the College. Because the majority of the distribution of the resources held by the Foundation are received by the College, the Foundation is considered a component unit of the College and is presented in the College's financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Furthermore, the accounting policies adhered to by the Foundation are generally consistent with the Audit and Accounting Guide for Not-For-Profit Organizations issued by the American Institute of Certified Public Accountants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in Its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations (superseded by FASB ASC 958-205). Under those standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

With the exceptions of the necessary presentation adjustments to conform to the College's GASB reporting format, no modifications have been made to the Foundation's financial information in the College's report.

Jefferson Community College
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

13. COMPONENT UNIT DISCLOSURES – JEFFERSON COMMUNITY COLLEGE FOUNDATION (CONTINUED)

Cash and Cash Equivalents

The Foundation classifies its checking and certificates of deposit as cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations. This category includes net assets designated by the Board.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met by actions of the Board/Organization and/or the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

NOTE B – TAXES

The Foundation is exempt from income taxes under Section 501(c)(3) as a Non-Governmental, Non Profit entity of the Internal Revenue Code.

Jefferson Community College
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Education</u>				
Student Financial Aid Cluster:				
Pell Grant – Financial Aid	Direct	84.063	\$2,757,307	\$2,757,307
Pell Grant – Administrative Allowance	Direct	84.063	5,250	5,250
Total Pell Grant			<u>2,762,557</u>	<u>2,762,557</u>
S.E.O.G. – Financial Aid	Direct	84.007	50,168	50,168
S.E.O.G. – Administrative Allowance	Direct	84.007	-	-
Total S.E.O.G. Grant			<u>50,168</u>	<u>50,168</u>
ACG – Financial Aid	Direct	84.375	47,625	47,625
College Work Study – Financial Aid	Direct	84.033	80,398	80,398
College Work Study – Administrative Allowance	Direct	84.033	73	73
Total College Work Study Grant			<u>80,471</u>	<u>80,471</u>
TRIO Grant (SSS)	Direct	84.042A	211,716	211,716
TRIO Grant (Upward Bound)	Direct	84.047	256,679	256,679
Total Department of Education			<u>3,409,216</u>	<u>3,409,216</u>
<u>U.S. Department of Education/ Passed Through Ohio Department Of Education</u>				
Tech Prep Programs	VETP0-2004 15 FB	84.243	163,439	163,439
A.B.L.E. Workplace Literacy	AB-S1-2004	84.002	183,290	183,290
Perkins Grant	VECP II 2004-521	84.048	59,535	59,535
Total Ohio Department Of Education			<u>406,264</u>	<u>406,264</u>
Total U.S. Department of Education			<u>3,815,480</u>	<u>3,815,480</u>
<u>U.S. Department of Labor/ Passed Through Ohio Department of Job and Family Services</u>				
Workforce Investment Act (Jefferson, Harrison, Belmont, Columbiana & Mahoning Counties)	4D7310000	17.258	54,491	54,491
Community Based Job Training Grant		17.269	75,535	75,535
Total U.S. Department of Labor			<u>130,026</u>	<u>130,026</u>
Appalachian Regional Development		23.001	23,974	23,974
Total Federal Grants			<u>\$3,969,480</u>	<u>\$3,969,480</u>

See accompanying notes to the schedule of federal awards expenditures.

Jefferson Community College
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

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.



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

To the Board of Trustees
Jefferson Community College
Steubenville, Ohio

We have audited the financial statements of Jefferson Community College (a nonprofit organization) as of and for the year ended June 30, 2009 and have issued our report thereon dated November 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson Community College's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Smolgrass, A.C.

Steubenville, Ohio
November 13, 2009



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

To 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 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, 2009. Jefferson 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 Jefferson Community College's management. Our responsibility is to express an opinion on Jefferson Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards; and OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB 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 of Jefferson Community 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 each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Jefferson Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson Community College's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, 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.

S. R. Snodgrass, A.C.

S.R. Snodgrass, A.C.
November 13, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMS CIRCULAR A-133 SECTION .505
JEFFERSON COMMUNITY COLLEGE JEFFERSON COUNTY
June 30, 2009**

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material Weakness conditions reported at The financial statements level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable Control deficiency 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 Weakness conditions Reported for major federal Programs?	No
(d)(1)(iv)	Were there any other reportable Internal control deficiency 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:	Student Financial Aid Cluster Pell Grant CFDA #84.063 S.E.O.G. CFDA #84.007 College Work Study CFDA #84.033 ACG CFDA #84.375 TRIO Grant (SSS) #84.042A TRIO Grant (Upward Bound) #84.047
(d)(1)(vii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
OMS CIRCULAR A-133 SECTION .505
JEFFERSON COMMUNITY COLLEGE JEFFERSON COUNTY
June 30, 2009

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, 2009, included no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

JEFFERSON COMMUNITY COLLEGE – (EASTERN GATEWAY 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 14, 2010**