

CUYAHOGA COMMUNITY COLLEGE

*Single Audit Report
for the Year Ended
June 30, 2001*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398
www.auditor.state.oh.us

Board of Trustees
Cuyahoga Community College
700 Carnegie Ave
Cleveland, Ohio 44115-2878

We have reviewed the Independent Auditor's Report of the Cuyahoga Community College, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 7, 2002

This Page is Intentionally Left Blank.

CUYAHOGA COMMUNITY COLLEGE

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets as of June 30, 2001 and 2000	2-3
Statements of Changes in Fund Balances for the Years Ended June 30, 2001 and 2000	4-5
Statements of Current Fund Revenues, Expenditures and Other Changes for the Years Ended June 30, 2001 and 2000	6-7
Notes to Financial Statements	8-17
SUPPLEMENTAL SCHEDULES:	
Supplemental Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2001	18-21
Notes to the Supplemental Schedule of Expenditures of Federal Awards	22-23
REPORTS ON COMPLIANCE AND INTERNAL CONTROL:	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on the Audit Performed in Accordance with <i>Government Auditing Standards</i>	24
Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Award Program	25-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27
STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE	28

This Page is Intentionally Left Blank.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cuyahoga Community College

We have audited the accompanying balance sheets of Cuyahoga Community College (the "College") as of June 30, 2001 and 2000, and the related statements of changes in fund balances, and statements of current fund revenues, expenditures and other changes for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 2001 and 2000, and the changes in fund balances and the current fund revenues, expenditures, and other changes for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, effective July 1, 2000, the College implemented Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* and, Statement No. 36, *Recipient Reporting for Certain Shared Non-Exchange Revenues (an amendment of GASB Statement No. 33)* and, retroactively, restated the financial statements as of and for the year ended June 30, 2000 for the change.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended June 30, 2001 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the management of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements as of and for the year ended June 30, 2001 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 our report dated December 31, 2001 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 grants. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

December 31, 2001

CUYAHOGA COMMUNITY COLLEGE

BALANCE SHEETS JUNE 30, 2001 AND 2000

ASSETS	2001	2000
CURRENT FUNDS:		
Unrestricted:		
Cash and cash equivalents	\$ 13,421,449	\$ 1,699,307
Investments	60,486,143	75,536,633
Accounts receivable, less allowance for doubtful receivables of \$1,717,191 and \$1,730,259 in 2001 and 2000, respectively	58,601,487	51,368,557
Interest receivable	843,315	759,583
Inventories	1,427,481	1,759,189
Prepaid expenses	1,086,102	1,052,212
Due from other funds	3,041	
Total unrestricted	<u>135,869,018</u>	<u>132,175,481</u>
Restricted:		
Cash and cash equivalents	2,783,687	980,425
Accounts receivable, less allowance for doubtful receivables of \$193,525 and \$365,294 in 2001 and 2000, respectively	2,605,185	4,592,092
Prepaid expenses	106	5,365
Due from other funds		357,382
Total restricted	<u>5,388,978</u>	<u>5,935,264</u>
TOTAL CURRENT FUNDS	<u>\$ 141,257,996</u>	<u>\$ 138,110,745</u>
LOAN FUNDS:		
Cash and cash equivalents	\$ 116,491	\$ 57,262
Notes receivable, less allowance for doubtful receivables of \$538,313 in 2001 and 2000	<u>362,068</u>	<u>415,777</u>
TOTAL LOAN FUNDS	<u>\$ 478,559</u>	<u>\$ 473,039</u>
PLANT FUNDS:		
Unexpended:		
Cash and cash equivalents	\$ 6,736,490	\$ 4,727,626
Restricted cash equivalents	8,032,614	
State appropriations receivable	1,664,794	856,791
Due from other funds		806
Total unexpended	<u>16,433,898</u>	<u>5,585,223</u>
Renewals and replacements - cash and cash equivalents	<u>148,307</u>	<u>214,619</u>
Investment in plant:		
Land	5,437,138	5,437,138
Buildings	156,563,245	156,563,245
Improvements other than buildings	27,572,884	27,375,894
Movable equipment, furniture and library books	49,250,884	58,334,543
Construction in progress	22,182,229	9,336,365
Total investment in plant	<u>261,006,380</u>	<u>257,047,185</u>
TOTAL PLANT FUNDS	<u>\$ 277,588,585</u>	<u>\$ 262,847,027</u>
AGENCY FUNDS:		
Cash	\$ 170,819	\$ 100,370
Accounts receivable, less allowance for doubtful receivables of \$321 and \$9,576 in 2001 and 2000, respectively	30,769	69,919
Inventories		10,020
TOTAL AGENCY FUNDS	<u>\$ 201,588</u>	<u>\$ 180,309</u>

CUYAHOGA COMMUNITY COLLEGE

BALANCE SHEETS JUNE 30, 2001 AND 2000

LIABILITIES AND FUND BALANCES	2001	2000
CURRENT FUNDS:		
Unrestricted:		
Accounts payable	\$ 4,304,617	\$ 6,607,424
Accrued liabilities	10,216,215	10,209,806
Deferred revenue	52,818,512	47,040,520
Other liabilities	3,882,310	3,623,724
Due to other funds		<u>357,382</u>
	<u>71,221,654</u>	<u>67,838,856</u>
Fund balances:		
Allocated	64,372,226	63,657,980
Unallocated	275,138	678,645
Total fund balances	<u>64,647,364</u>	<u>64,336,625</u>
Total unrestricted	<u>135,869,018</u>	<u>132,175,481</u>
Restricted:		
Accounts payable	1,280,874	227,256
Accrued liabilities	302,208	280,728
Deferred revenue	2,073,724	4,121,664
Fund balances	<u>1,732,172</u>	<u>1,305,616</u>
Total restricted	<u>5,388,978</u>	<u>5,935,264</u>
TOTAL CURRENT FUNDS	<u>\$ 141,257,996</u>	<u>\$ 138,110,745</u>
LOAN FUNDS:		
Fund balances:		
U.S. government grants refundable	\$ 398,502	\$ 442,982
College funds - restricted	<u>80,057</u>	<u>30,057</u>
TOTAL LOAN FUNDS	<u>\$ 478,559</u>	<u>\$ 473,039</u>
PLANT FUNDS:		
Unexpended:		
Accounts payable	\$ 2,110,164	\$ 193,856
Capital lease obligation	7,916,790	
Deferred state appropriations		197,000
Other liabilities	150,141	677
Fund balance	<u>6,256,803</u>	<u>5,193,690</u>
Total unexpended	<u>16,433,898</u>	<u>5,585,223</u>
Renewals and replacements - fund balance	<u>148,307</u>	<u>214,619</u>
Investment in plant:		
Capital lease obligation	4,083,210	
Fund balance	<u>256,923,170</u>	<u>257,047,185</u>
Total investment in plant	<u>261,006,380</u>	<u>257,047,185</u>
TOTAL PLANT FUNDS	<u>\$ 277,588,585</u>	<u>\$ 262,847,027</u>
AGENCY FUNDS:		
Accounts payable	\$ 21,442	\$ 58,081
Due to other funds	3,041	806
Deposits held in custody for others	<u>177,105</u>	<u>121,422</u>
TOTAL AGENCY FUNDS	<u>\$ 201,588</u>	<u>\$ 180,309</u>

See notes to financial statements.

(Concluded)

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2001

	Current Funds		Loan Funds	Plant Funds		
	Unrestricted	Restricted		Unexpended	Renewals and Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenues	\$ 143,308,817					
Restricted:						
State appropriations		\$ 761,643				
Federal grants and contracts		26,190,456	\$ 9,881			
State grants and contracts		765,836		\$ 2,678,822		
Private gifts, grants and contracts		1,997,110	50,000			
Interest on loans receivable			14,761			
Donation of equipment						\$ 10,609
Expended for plant facilities (including \$9,316,260 charged to current funds expenditures)						19,884,757
Interest earned on proceeds from sale				133,230		
Total revenues and other additions	<u>143,308,817</u>	<u>29,715,045</u>	<u>74,642</u>	<u>2,812,052</u>		<u>19,895,366</u>
EXPENDITURES AND OTHER DEDUCTIONS:						
Educational and general expenditures	128,161,200	28,942,515				
Auxiliary enterprise expenditures	7,699,771	2,894				
Loan cancellations and write-offs			23,722			
Administrative and collection costs			45,211			
Expended for plant facilities (including non-capitalized expenditures of \$2,324,215)				12,892,712		
Disposals and write-offs of plant facilities						15,936,171
Interest expense				150,140		
Indirect costs recovered		335,985				
Total expenditures and other deductions	<u>135,860,971</u>	<u>29,281,394</u>	<u>68,933</u>	<u>13,042,852</u>		<u>15,936,171</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):						
Mandatory - Loan fund matching grant	189		(189)			
Nonmandatory - capital improvements	(7,144,391)			11,293,913	\$ (66,312)	(4,083,210)
Other	7,095	(7,095)				
Total transfers	<u>(7,137,107)</u>	<u>(7,095)</u>	<u>(189)</u>	<u>11,293,913</u>	<u>(66,312)</u>	<u>(4,083,210)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	310,739	426,556	5,520	1,063,113	(66,312)	(124,015)
FUND BALANCE, BEGINNING OF YEAR	<u>64,336,625</u>	<u>1,305,616</u>	<u>473,039</u>	<u>5,193,690</u>	<u>214,619</u>	<u>257,047,185</u>
FUND BALANCE, END OF YEAR	<u>\$ 64,647,364</u>	<u>\$ 1,732,172</u>	<u>\$ 478,559</u>	<u>\$ 6,256,803</u>	<u>\$ 148,307</u>	<u>\$ 256,923,170</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2000

	Current Funds		Loan Funds	Plant Funds		
	Unrestricted	Restricted		Unexpended	Renewals and Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenues	\$ 136,278,514					
Restricted:						
State appropriations		\$ 393,878				
Federal grants and contracts		23,940,277	\$ 18,274			
State grants and contracts		558,631		\$ 2,421,101		
Private gifts, grants and contracts		1,048,499				
Interest on loans receivable			17,060			
Donation of equipment						\$ 21,500
Expended for plant facilities (including \$5,456,650 charged to current funds expenditures)						8,096,839
Interest earned on proceeds from sale				15,522		
Total revenues and other additions	<u>136,278,514</u>	<u>25,941,285</u>	<u>35,334</u>	<u>2,436,623</u>		<u>8,118,339</u>
EXPENDITURES AND OTHER DEDUCTIONS:						
Educational and general expenditures	120,778,257	25,511,745				
Auxiliary enterprise expenditures	7,251,509	1,438				
Loan cancellations and write-offs			133,935			
Refunded to grantors		26,118	33,335			
Administrative and collection costs			52,495			
Expended for plant facilities (including non-capitalized expenditures of \$831,839)				3,472,027		
Disposals and write-offs of plant facilities						10,285,091
Indirect costs recovered		435,317				
Total expenditures and other deductions	<u>128,029,766</u>	<u>25,974,618</u>	<u>219,765</u>	<u>3,472,027</u>		<u>10,285,091</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):						
Mandatory - Loan fund matching grant	3,946		(3,946)			
Nonmandatory - capital improvements	(1,291,069)			1,291,069		
Total transfers	<u>(1,287,123)</u>		<u>(3,946)</u>	<u>1,291,069</u>		
NET INCREASE (DECREASE) IN FUND BALANCES	6,961,625	(33,333)	(188,377)	255,665		(2,166,752)
FUND BALANCE, BEGINNING OF YEAR	<u>57,375,000</u>	<u>1,338,949</u>	<u>661,416</u>	<u>4,938,025</u>	<u>\$ 214,619</u>	<u>259,213,937</u>
FUND BALANCE, END OF YEAR	<u>\$ 64,336,625</u>	<u>\$ 1,305,616</u>	<u>\$ 473,039</u>	<u>\$ 5,193,690</u>	<u>\$ 214,619</u>	<u>\$ 257,047,185</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEAR ENDED JUNE 30, 2001

	Unrestricted	Restricted	Total
REVENUES:			
Educational and general:			
Tuition, fees, and other student charges	\$ 22,594,579		\$ 22,594,579
State appropriations	46,642,413	\$ 754,931	47,397,344
Local appropriations	49,667,371		49,667,371
Federal grants and contracts	388,897	25,975,588	26,364,485
State grants and contracts	3,192,295	818,264	4,010,559
Local grants and contracts	75	12,353	12,428
Private gifts, grants and contracts	223,108	1,381,379	1,604,487
Sales and services	6,304,882		6,304,882
Investment income	6,012,434		6,012,434
Other sources	<u>429,761</u>		<u>429,761</u>
Total educational and general	135,455,815	28,942,515	164,398,330
Auxiliary enterprises	<u>7,853,002</u>	<u>2,894</u>	<u>7,855,896</u>
Total revenues	<u>143,308,817</u>	<u>28,945,409</u>	<u>172,254,226</u>
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction and departmental research	46,881,242	769,530	47,650,772
Public service	9,867,600	9,688,647	19,556,247
Academic support	16,759,833	1,644,682	18,404,515
Student services	14,588,664	444,819	15,033,483
Institutional support	22,591,621	581,777	23,173,398
Operation and maintenance of plant	17,123,213	25,560	17,148,773
Scholarships	<u>349,027</u>	<u>15,787,500</u>	<u>16,136,527</u>
Total educational and general	128,161,200	28,942,515	157,103,715
Mandatory transfers - Loan funds matching grant	(189)		(189)
Auxiliary enterprises	<u>7,699,771</u>	<u>2,894</u>	<u>7,702,665</u>
Total expenditures and mandatory transfers	<u>135,860,782</u>	<u>28,945,409</u>	<u>164,806,191</u>
OTHER TRANSFERS AND DEDUCTIONS:			
Capital improvements	(7,210,704)		(7,210,704)
Renewals and replacements	66,313		66,313
Indirect costs recovered		(335,985)	(335,985)
Other	7,095	(7,095)	
Excess of restricted receipts over transfers to revenues		<u>769,636</u>	<u>769,636</u>
Total other transfers and deductions	<u>(7,137,296)</u>	<u>426,556</u>	<u>(6,710,740)</u>
NET INCREASE IN FUND BALANCES	<u>\$ 310,739</u>	<u>\$ 426,556</u>	<u>\$ 737,295</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEAR ENDED JUNE 30, 2000

	Unrestricted	Restricted	Total
REVENUES:			
Educational and general:			
Tuition, fees, and other student charges	\$ 22,443,298		\$ 22,443,298
State appropriations	42,969,834	\$ 275,644	43,245,478
Local appropriations	48,908,960		48,908,960
Federal grants and contracts	609,045	23,534,706	24,143,751
State grants and contracts	3,924,414	559,483	4,483,897
Local grants and contracts	217,077	10,403	227,480
Private gifts, grants and contracts	275,898	1,131,509	1,407,407
Sales and services	5,223,489		5,223,489
Investment income	4,086,670		4,086,670
Other sources	<u>267,250</u>		<u>267,250</u>
Total educational and general	128,925,935	25,511,745	154,437,680
Auxiliary enterprises	<u>7,352,579</u>	<u>1,438</u>	<u>7,354,017</u>
Total revenues	<u>136,278,514</u>	<u>25,513,183</u>	<u>161,791,697</u>
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction and departmental research	44,546,089	443,696	44,989,785
Public service	8,787,392	6,745,342	15,532,734
Academic support	14,411,266	1,221,049	15,632,315
Student services	13,837,596	441,124	14,278,720
Institutional support	23,495,534	488,998	23,984,532
Operation and maintenance of plant	15,348,113	219,315	15,567,428
Scholarships	<u>352,267</u>	<u>15,952,221</u>	<u>16,304,488</u>
Total educational and general	120,778,257	25,511,745	146,290,002
Mandatory transfers - Loan funds matching grant	(3,946)		(3,946)
Auxiliary enterprises	<u>7,251,509</u>	<u>1,438</u>	<u>7,252,947</u>
Total expenditures and mandatory transfers	<u>128,025,820</u>	<u>25,513,183</u>	<u>153,539,003</u>
OTHER TRANSFERS AND DEDUCTIONS:			
Capital improvements	(1,291,069)		(1,291,069)
Refunded to grantors		(26,118)	(26,118)
Indirect costs recovered		(435,317)	(435,317)
Deficiency of restricted receipts over transfers to revenues		<u>428,102</u>	<u>428,102</u>
Total other transfers and deductions	<u>(1,291,069)</u>	<u>(33,333)</u>	<u>(1,324,402)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 6,961,625</u>	<u>\$ (33,333)</u>	<u>\$ 6,928,292</u>

See notes to financial statements.

CUYAHOGA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements of Cuyahoga Community College (the "College") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental colleges as prescribed by the American Institute of Certified Public Accountants "College Guide Model".

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, the College is a primary government with no component units. In addition, the Cuyahoga Community College Foundation (the "Foundation"), which is a legally separate, not-for-profit organization incorporated and operated exclusively for the benefit of the College (see Note 13), is not included in the accompanying financial statements.

The financial statements of the College have been prepared on the accrual basis in accordance with generally accepted principles of fund accounting for educational institutions. The statements of current fund revenues, expenditures and other changes are statements of financial activities of the current funds related to the periods presented and do 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.

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

Fund Accounting - The accounts of the College are maintained in accordance with the principles of "fund accounting." Under this accounting method, resources for various 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, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Trustees. Externally restricted funds may only be utilized in accordance with the purpose 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.

Description of Funds - Generally, unrestricted and internally designated funds are accounted for initially in the unrestricted current fund group. Restricted revenues are accounted for in the appropriate restricted fund and are reported as revenues when utilized for current operating purposes.

Loan funds consist of loans made to students and resources available for such purposes.

Funds held by the College as custodian or fiscal agent for others are accounted for in the agency funds.

Plant funds consist of funds to be used for the acquisition of physical properties that are unexpended at the date of reporting, funds set aside for the renewal and replacement of College properties, funds set aside for debt service charges and for the retirement of indebtedness (if any), and funds expended for and invested in College properties.

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

Interfund Activity - Interfund borrowings are recorded in each fund as due to/due from other funds.

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

Land, Buildings and Equipment - Land, buildings and equipment are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. When property is sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the net investment in plant is reduced accordingly. Depreciation on buildings and equipment is not recorded.

Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory costs are charged to operations when inventory is sold or consumed.

Nonexchange Transactions - Effective July 1, 2000, the College implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and, Statement No. 36, *Recipient Reporting for Certain Shared Non-Exchange Revenues (an amendment of GASB Statement No. 33)*. In general, GASB Statement Nos. 33 and 36 establish accounting and financial reporting standards, which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. These statements required retroactive application and, accordingly, the College's financial statements as of and for the year ended June 30, 2000 have been restated as follows:

Increase (decrease) in amounts previously reported:

Balance Sheet	Current Funds		Unexpended Plant Funds
	Unrestricted	Restricted	
Assets:			
Accounts receivable	\$45,033,943		
State appropriations receivable			\$(685,462)
Liabilities - Deferred revenue	40,827,535	\$ 2,609,777	
Fund Balances	4,206,408	(2,609,777)	(685,462)

Statement of Changes in Fund Balances	Current Funds		Unexpended Plant Funds
	Unrestricted	Restricted	
Revenues:			
Tuition, fees and other student charges	\$ (3,871,557)		
Local appropriations	(215,063)		
Federal grants and contracts		\$ (53,330)	
State grants and contracts	3,871,557	(2,704,991)	\$ (685,462)
Local grants and contracts		(10,297)	
Total revenues	<u>(215,063)</u>	<u>(2,768,618)</u>	<u>(685,462)</u>
Expenditures - scholarships		<u>(3,871,557)</u>	

Deferred Revenue - Revenues and expenditures related to academic terms conducted over two fiscal years, such as summer sessions, are recognized in the fiscal year in which the program is predominantly conducted. In addition, property taxes and certain grant proceeds that do not meet the revenue recognition criteria under GASB Statement Nos. 33 and 36 are deferred.

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

Recently Issued Accounting Pronouncements - During November 1999, the GASB issued Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, which establishes comprehensive, new financial reporting requirements for governmental colleges and universities throughout the United States. When implemented, it will provide additional information and restructure much of the financial information that the College has presented in the past in an effort to make the College’s annual report more comprehensive and easier to understand and use. In this regard, the College will be required to make certain accounting changes, such as the depreciation of its investment in plant (excluding land), prepare its annual financial statements in accordance with a revised format and include with the financial statements a management discussion and analysis and certain required supplementary information. The statement is effective for the College’s fiscal year ending June 30, 2002 and management has not yet determined the impact that the implementation of the statement will have on its reported financial position and changes therein.

2. DEPOSITS AND INVESTMENTS

Ohio law requires that deposits be placed in eligible banks or building and loan associations located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities of aggregate market value equal to the amount of deposits not insured by the Federal Depository Insurance Corporation. Further, Ohio law allows for pledges of pooled collateral in amounts that exceed the secured deposits by at least ten percent. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio.

The College’s investment policies are governed by state statutes that authorize the College to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; and U.S. Government money market funds and repurchase agreements. Such repurchase agreements must be acquired from qualifying Ohio financial institutions or from registered brokers/dealers.

Deposits - At June 30, 2001 and 2000, the carrying amount of the College's deposits was \$3,432,449 and \$1,486,157, respectively, as compared to actual bank balances of \$3,825,794 and \$616,873, respectively, with the difference representing outstanding checks and normal reconciling items. In addition, one of the College's bank accounts was overdrawn in the amount of \$948,795 at June 30, 2000. Of the June 30, 2001 and 2000 positive bank balances, \$300,000 and \$317,811, respectively, were covered by federal depository insurance and are thus a category (1) deposit risk in accordance with the provisions of GASB Statement No. 3. Another \$3,525,794 and \$1,247,857 of deposits, respectively, were secured by collateral pools of U.S. Government and municipal securities from each respective financial institution that pledges a pool of collateral against all public deposits it holds.

Investments - Investments are categorized to give an indication of the level of credit risk assumed by the College at year end. These categories of credit risk are summarized below:

Category 1 - Insured or registered investments held by the College or its agent in the name of the College.

Category 2 - Uninsured and unregistered investments, for which securities are held by the counterparty's trust department or agent in the name of the College.

Category 3 - Uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the College's name.

At June 30, 2001 and 2000, the College's investments were as follows:

Type of Investment	Category			Fair Value
	1	2	3	
June 30, 2001:				
Government securities		\$ 12,911,969	\$ 47,574,174	\$ 60,486,143
U.S. treasury bills			1,942,570	1,942,570
Repurchase agreements			<u>3,275,000</u>	<u>3,275,000</u>
Totals	<u>\$ -</u>	<u>\$ 12,911,969</u>	<u>\$ 52,791,744</u>	65,703,713
Unclassified investment - State Treasurer Asset Reserve Fund (STAROhio)				<u>22,759,838</u>
				<u>\$ 88,463,551</u>
June 30, 2000:				
Government securities	<u>\$ -</u>	<u>\$ 11,414,641</u>	<u>\$ 64,121,992</u>	\$ 75,536,633
Unclassified investment - State Treasurer Asset Reserve Fund (STAROhio)				<u>6,293,452</u>
				<u>\$ 81,830,085</u>

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. STAROhio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on the balance sheet date. The amount invested with STAROhio is not classified by risk category because it is not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

3. CONSTRUCTION IN PROGRESS

Included in construction in progress at June 30, 2001 are costs associated with the Ohio House Bill 7 – Energy Conservation Project, East I Building modifications and improvements at the Eastern Campus. At June 30, 2001, \$10,882,000 was yet to be spent under contractual commitments pertaining to these improvements and other minor projects.

4. STATE APPROPRIATIONS

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

In addition to the student subsidies, the State of Ohio provides funding for the construction of major academic plant facilities on the College's campuses. Funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission ("OPFC"). Bond proceeds are used for the construction and subsequent transfer of the facility to the College.

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

As a result of the above-described financial assistance provided by the State of Ohio to the College, outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Ohio Board of Regents for payment of debt service and the related debt service payments are not recorded in the College's accounts.

The College follows the practice of recording additions to fund balance and accounts receivable in the Unexpended Plant Fund for appropriations approved by the State of Ohio to cover expenditures that have been made for plant facilities and equipment.

5. LOCAL APPROPRIATIONS

The College receives funds from property taxes levied on all real, public utility, and tangible personal property used in businesses located in Cuyahoga County. Two levies for .6 and 1.0 mills were renewed by voters in 1992 and combined as one levy which expires in 2002. An additional levy was renewed by voters in 1996 for 1.2 mills and expires in 2006.

During November 2001, Cuyahoga County voters approved an eight year, 1.6 mill replacement of the .6 and 1.0 mill levies, commencing in 2002 (first due in 2003).

6. PENSION AND RETIREMENT PLANS

Defined Benefit Plans - The College's faculty is covered by the State Teachers Retirement System of Ohio ("STRS"). Substantially all other employees are covered by the Public Employees Retirement System of Ohio ("PERS"). These retirement programs are statewide, cost-sharing, multiple-employer defined benefit pension plans. STRS and PERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. Both STRS and PERS issue separate, publicly available financial reports that include financial statements and required supplementary information.

These reports may be obtained by contacting the two organizations at the following locations:

STRS
275 East Broad Street
Columbus, OH 43215-3771
(614) 227-4090

PERS
277 East Town Street
Columbus, OH 43215-4642
(614) 466-2085 or (800) 222-PERS

In addition to the retirement benefits described above, STRS and PERS provide postretirement healthcare benefits (see Note 7).

Defined Contribution Plan - An Alternative Retirement Plan (“ARP”) was established by the College’s Board of Trustees on February 5, 1999. The ARP is a defined contribution pension plan available to full-time administrative and professional staff in lieu of PERS or STRS. For the employees who elected participation in ARP, prior employee contributions to STRS and PERS were transferred from those plans and invested in individual accounts established with selected external investment managers.

The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Funding - The ORC provides statutory authority for employee and employer contributions to STRS, PERS and the ARP. Contributions equal to those required by STRS and PERS are required to be made to the ARP; however, a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution must be contributed to STRS or PERS to enhance the stability of those plans. The required contribution rates (as a percentage of covered payroll) for plan members and the College were as follows for the year ended June 30, 2001:

	STRS	PERS	ARP
Faculty:			
Plan member	9.30%		9.30%
College	14.00%		14.00% *
Staff:			
Plan member		8.50%	8.50%
College		10.84% **	13.55%
Law enforcement staff:			
Plan member		9.00%	9.00%
College		15.70% **	16.70%

* Employer contributions included 5.76% paid to STRS. The remaining amount is credited to the participant's ARP account.

** PERS enacted a temporary reduction in the employer contribution rate for the second half of calendar year 2000. The decision to roll back rates was based on a December 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both state and local government divisions and 6% for law enforcement divisions. In addition, PERS also increased the portion of employer contributions dedicated to funding other postemployment benefits from 4.2% of covered payroll to 4.3% to improve healthcare financing.

The College's contributions for the year ended June 30, 2001 and for each of the two preceding years, including the portion applicable to postretirement benefits (see Note 7), were as follows:

Year Ended June 30,	STRS Contribution	PERS Contribution	ARP Annual Required Contribution
2001	\$ 5,329,000	\$ 4,226,000	\$ 346,000
2000	5,017,000	4,970,000	225,000
1999	4,947,000	4,733,000	38,000

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

7. POSTRETIREMENT BENEFITS

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

A portion of each employer's contribution to PERS (4.3% of covered payroll in 2001) is set aside for funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The statutory healthcare contribution requirement from the College for the years ended June 30, 2001 and 2000 (which is included in the College's total PERS contribution) was \$1,676,000 and \$1,541,000, respectively.

OPEB are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions are expected to be sufficient to sustain the program indefinitely.

At December 31, 1999 (latest information available), there were 401,339 active participants contributing to the plan. In addition, at December 31, 1999, the actuarial value of the plan's net assets available for OPEB approximated \$10.8 billion and the actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial method used, were \$12.5 billion and \$1.7 billion, respectively.

STRS - STRS provides comprehensive healthcare benefits to retired teachers and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for healthcare coverage. Pursuant to the ORC, STRS has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS. Monthly premiums were paid during the year by all benefit recipients.

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

For the fiscal year ended June 30, 2001, STRS allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which healthcare benefits are paid. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000 (latest information available).

For the year ended June 30, 2000 (latest information available), net healthcare costs paid by STRS were \$283 million. There were 99,011 eligible benefit recipients on June 30, 2001.

8. SELF-INSURANCE LIABILITIES

The College is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The College is self-insured for the purpose of providing employee healthcare, workers' compensation, disability and retiree death benefits. Losses from asserted claims and from unasserted claims identified under the College's incident reporting systems are accrued based on estimates that incorporate the College's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The liabilities for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Changes in the reported liabilities during the past two fiscal years resulted from the following:

	<u>Healthcare</u>		<u>Worker's Compensation</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Liability at the beginning of year	\$ 1,009,000	\$ 850,000	\$ 388,295	\$ 312,622
Current year claims, net of changes in estimates	3,557,802	3,352,655	94,874	119,737
Claim payments	<u>(3,415,802)</u>	<u>(3,193,655)</u>	<u>(1,607)</u>	<u>(44,064)</u>
Balance at end of year	<u>\$ 1,151,000</u>	<u>\$ 1,009,000</u>	<u>\$ 481,562</u>	<u>\$ 388,295</u>
	<u>Disability</u>		<u>Retiree Death</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Liability at the beginning of year	\$ 1,128,491	\$ 985,199	\$ 667,581	\$ 632,640
Current year claims, net of changes in estimates	78,687	410,918	92,588	63,941
Claim payments	<u>(202,331)</u>	<u>(267,626)</u>	<u>(18,000)</u>	<u>(29,000)</u>
Balance at end of year	<u>\$ 1,004,847</u>	<u>\$ 1,128,491</u>	<u>\$ 742,169</u>	<u>\$ 667,581</u>

The College purchases insurance policies in varying amounts for general liability, property damage and employee and Board of Trustee's liability, including errors and omissions of the College's safety forces. Settled claims have not exceeded the College's insurance coverage in any of the past three years.

9. LEASE COMMITMENTS

Capital Lease - On March 31, 2001, the College entered into a long-term lease-purchase agreement with a financial institution to finance certain energy conservation improvements under Ohio House Bill 7. The improvements financed by the lease amounted to \$4,083,210 at June 30, 2001. The agreement requires payments of principal and interest in equal monthly installments of \$120,861 through August 2012. Future minimum lease payments under the capital lease are as follows:

Fiscal Year	Amount
2002	\$ 1,208,606
2003	1,450,328
2004	1,450,327
2005	1,450,327
2006	1,450,328
2007 and thereafter	<u>8,943,686</u>
Total minimum lease payments	15,953,602
Less amount representing interest	<u>3,953,602</u>
Present value of net minimum lease payments	<u>\$12,000,000</u>

The funds received from this debt issuance were placed in escrow at a financial institution and are included in restricted cash equivalents in the Unexpended Plant Fund. The balance of the escrow account (approximately \$8 million at June 30, 2001) will be utilized to satisfy a substantial portion of the commitments described in Note 3.

Operating Leases - The College leases a building, certain equipment and automobiles under noncancelable operating leases. Future minimum rental payments under operating leases with remaining terms in excess of one year as of June 30, 2001 are as follows:

Year	Amount
2002	\$ 2,975,569
2003	2,965,793
2004	<u>2,170,018</u>
Total	<u>\$ 8,111,380</u>

The College's rent expense under these leases was \$796,000 and \$710,000 for the years ended June 30, 2001 and 2000, respectively.

10. INCOME TAXES

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

11. CONTINGENCIES

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

12. LITIGATION

During the normal course of its operations, the College has been named as a defendant in certain legal actions and claims. The College management is of the opinion that the disposition of these legal actions and claims will not have a material adverse effect on the financial condition of the College. The College purchases commercial insurance to cover certain potential losses.

13. FOUNDATION

The Foundation was formed in 1973 to obtain private financing support for the promotion of excellence at the College. The Foundation provides scholarships to financially disadvantaged students and merit scholarships to those students demonstrating excellent academic abilities. The Foundation also provides support to specific educational departments and programs of the College. The accounting records for the Foundation are maintained at the College in Cleveland, Ohio. Certain administrative expenses of the Foundation are borne directly by the College. The Foundation has total assets of \$14 million at June 30, 2001 and total revenues, investment income and other support of \$7.2 million for the year then ended.

* * * * *

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
STUDENT FINANCIAL AID CLUSTER (SFA)			
U.S. Department of Education:			
Direct Programs:			
Federal Pell Grant Program		84.063	\$ 12,095,849
Federal Supplemental Education Opportunity Grant		84.007	382,514
Federal Work-Study Program		84.033	480,639
Federal Perkins Loans (FPL)		84.038	-
Federal Direct Student Loan Program		84.268	3,608
Total U.S. Department of Education			<u>12,962,610</u>
U.S. Department of Health and Human Services:			
Direct Program - Nursing Student Loans		93.364	-
Total Student Financial Aid Cluster			<u>12,962,610</u>
JTPA CLUSTER			
U.S. Department of Labor:			
Pass-Through Program from City of Cleveland, Ohio			
Job Training Partnership Act - Empowerment Zone	NONE	17.250	21,730
Total JTPA Cluster			<u>21,730</u>
OTHER PROGRAMS			
Academic Support - U.S. Department of Education:			
Pass-Through Programs from			
Ohio Department of Education:			
Tech-Prep	VETP-2001-04 A2	84.243	398,026
Tech-Prep	VETP-2001-04 FPI	84.243	446,404
Tech-Prep - College Transition	VETP-2001-04 TG	84.243	29,661
Tech-Prep - IT	VETP-2001-04 IT	84.243	48,618
Subtotal - Ohio Department of Education			<u>922,709</u>
Academic Support - U.S. Department of Labor:			
Pass-Through Program from			
Lorain County Community College			
Tech Prep - Closing the Gap	NONE	17.249	2,594
Academic Support - National Science Foundation			
Direct Program:			
Instrumentation & Process Control		47.076	19,122
Total Other Programs - Academic Support			<u>944,425</u>

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
Institutional Support - U.S. Department of Education:			
Direct Program:			
Alliance & Innovation		84.303	260,280
Pass-Through Program from			
Stevens Institute of Technology			
Internet-in-Education Teacher Training	NONE	84.215	18,279
Total Other Programs - Institutional Support			<u>278,559</u>
PUBLIC SERVICE			
U.S. Department of Education:			
Direct Programs:			
Trio Cluster:			
Student Support Services		84.042	197,322
Disabled Student Services		84.042	209,368
Project Talent Search		84.044	443,100
Upward Bound		84.047	326,171
Veterans Upward Bound		84.047	308,462
Education Opportunity Center		84.066	270,383
Total Trio Cluster			<u>1,754,806</u>
Gear-Up Partnership Program		84.334	344,271
Title III - Strengthening Institutions		84.031	289,336
Subtotal Other Direct Programs			<u>2,388,413</u>
Pass-Through Programs from			
Ohio Department of Education:			
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-99C	84.002	3,840
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-2000	84.002	1,228
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-2000C	84.002	2,065
Adult Basic and Literacy Education	PROJECT #063404-AB-SI-2001	84.002	35,441
Vocational Administration	VECPPII-P2001	84.048	16,615
Transition to Technology	VECPPII-P2001	84.048	59,924
Orientation to Non-Traditional Occupation for Women	KESC-06-ONOW	84.048	10,000
Vocational Education - Special Needs	VECPPII-P2001	84.048	143,000
EOC - Sex Equity	NONE	84.048	74,028
Pass-Through Program from			
Polaris Joint Vocational School District			
Orientation to Non-Traditional Occupation for Women	VESE-ONOW-2000-063404	84.048	<u>17,413</u>
Total U.S. Department of Education			<u>2,751,967</u>

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
PUBLIC SERVICE			
National Institute of Health:			
Direct Program:			
Bridges to Success		93.906	103,202
Pass-Through Program from Case Western Reserve University			
Bridges to the Future	R25-GM49010-0152	93.906	<u>340</u>
Total National Institute of Health and CFDA # 93.906			<u>103,542</u>
U.S. Small Business Administration:			
Direct Program:			
Small Business Administration		59.005	<u>549,964</u>
U.S. Department of Justice:			
Direct Program:			
Cops Universal		16.710	<u>18,836</u>
U.S. Department of Agriculture:			
Pass-Through Program from Ohio Department of Education:			
Family and Childcare Program	IRN110270	10.558	<u>89,649</u>
Total U.S. Department of Agriculture and CFDA #10.558			<u>89,649</u>
U.S. Department of Health and Human Services:			
Direct Program:			
Healthcare Service Worker Training		93.558	128,390
Pass-Through Program from Cuyahoga County, Ohio Department of Human Services			
Public Assistance Childcare	EAST-0696751C METRO-096733C WEST-0696742C QUAD-073340C	93.575	360,142
Cuyahoga Training Academies	CE1108-01	93.558	<u>2,796,063</u>
Total U.S. Department of Health and Human Services			<u>3,284,595</u>

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Continued)

CUYAHOGA COMMUNITY COLLEGE

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH NUMBER	FEDERAL CFDA NUMBER OR PRIMARY GRANT NUMBER	EXPENDITURES
PUBLIC SERVICE			
U.S. Department of Labor			
Direct Program: Carnegie Basic Skills		93.558	<u>41,460</u>
National Endowment for the Arts, National Foundation on the Arts and Humanities			
Direct Programs:			
JazzFest - Duke Ellington	01-3100-5087	45.024	15,000
Dance Cleveland	00-3300-5080	45.024	<u>10,000</u>
Total CFDA #45.024			<u>25,000</u>
Pass-Through Program from Ohio Humanities Council Darlene Clark Lecture Series	NONE	45.129	<u>1,000</u>
Total National Endowment for the Arts, National Foundation on the Arts and Humanities			<u>26,000</u>
Total Public Service			<u>6,866,013</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 21,073,337</u></u>

See Notes to Supplemental Schedule of Expenditures of Federal Awards.

(Concluded)

CUYAHOGA COMMUNITY COLLEGE

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2001

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Cuyahoga Community College (the "College") under programs financed by the U.S. Government for the year ended June 30, 2001. The Schedule has been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for state-assisted colleges and universities.

For purposes of the Schedule, federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

All programs are presented by federal department. Pass-through programs are also presented by the entity through which the College received the federal award. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

2. FEDERAL LOAN PROGRAMS

Federal Perkins Loan Program - The College administers the following federal loan program:

	CFDA Number	Outstanding Balance at June 30, 2001
Federal Perkins Loan Program	84.038	<u>\$ 612,680</u>

Total loan disbursements under the program for the year ended June 30, 2001 are identified below:

	CFDA Number	Disbursements
Federal Perkins Loan Program	84.038	<u>\$ 32,052</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. The Schedule only includes administrative costs of the loan program.

Nursing Student Loan Program - The College administers the following federal loan program:

	CFDA Number	Outstanding Balance at June 30, 2001
Nursing Student Loan Program	93.364	<u>\$ 128,920</u>

There were no loan expenditures or disbursements under the program during the year ended June 30, 2001.

Federal Direct Student Loan Program - During the fiscal year ended June 30, 2001, the College processed the following amount of new loans under the Federal Direct Student Loan Program:

	CFDA Number	Amount Disbursed
Federal Direct Student Loan Program	84.268	<u>\$2,993,800</u>

* * * * *

This Page is Intentionally Left Blank.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Cuyahoga Community College

We have audited the financial statements of the Cuyahoga Community College (the "College") as of and for the year ended June 30, 2001, and have issued our report thereon dated December 31, 2001. 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.

Compliance

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

Internal 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 misstatement 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.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

December 31, 2001



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

Board of Trustees
Cuyahoga Community College

Compliance

We have audited the compliance of the Cuyahoga Community College (the "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, 2001. The College's major federal programs are identified in the summary of auditors' 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 the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Deloitte & Touche LLP

December 31, 2001

CUYAHOGA COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2001

Part I Summary of Auditors' Results

- Type of Report Issued on the Financial Statements as of and for the Year Ended June 30, 2001 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A.
- Noncompliance Noted that is Material to the Financial Statements of the College - None.
- Reportable Conditions in Internal Control Over Major Federal Award Programs Disclosed by the Audit of the Financial Statements - N/A.
- Type of Report Issued on Compliance for Major Federal Award Programs - Unqualified.
- The audit disclosed no audit findings required to be reported under section .510(a) of OMB Circular A-133.
- Major Federal Award Programs Identified for the Year Ended June 30, 2001:
 - Student Financial Aid Cluster Programs (CFDA #84.007, 84.033, 84.038, 84.063, 84.268 and 93.364)
 - Temporary Assistance for Needy Families Program (CFDA #93.558)
 - Tech-Prep (CFDA #84.243)
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$722,975.
- The College is considered to be a Low Risk Auditee as defined under OMB Circular A-133.

Part II Financial Statement Findings

None

Part III Federal Award Findings and Questioned Costs

None

CUYAHOGA COMMUNITY COLLEGE

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2001

There were no significant or material comments on internal control and legal compliance included in the prior year reports.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CUYAHOGA COMMUNITY COLLEGE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**