

WASHINGTON STATE COMMUNITY COLLEGE  
ANNUAL REPORT  
71084-77-3580-00  
SOUTHEAST REGION, WASHINGTON COUNTY  
SINGLE AUDIT  
JULY 1, 2001 THROUGH JUNE 30, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Trustees  
Washington State Community College

We have reviewed the Independent Auditor's Report of the Washington State Community College, Washington County, prepared by Crowe, Chizek and Company LLP for the audit period July 1, 2001 through June 30, 2002. 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 Washington State Community College is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

December 11, 2002

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WASHINGTON STATE COMMUNITY COLLEGE  
Washington County

ANNUAL REPORT  
June 30, 2002

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington State Community College (the College) Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of the financial performance of the College for the year ended June 30, 2002. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes. The College has elected to not restate prior periods for purposes of providing the comparative data for this MD&A. As this is the initial year of presentation in this format, comparative data to prior periods is not available.

### Financial Highlights

The College's financial statements for FY 2001-2002 reported net assets of \$18.7 million at June 30, 2002. This represented a decrease of \$538,000 from the previous fiscal year end as restated. The financial statements have been restated to conform to the requirements of GASB 35 as detailed in Note 1 to the financial statements. The principal change to the previous fund balances as reported prior to the change to the GASB 35 requirements is the accounting for accumulated depreciation and depreciation expense for the first time. Beginning net assets decreased approximately \$6.7 million due to restatement of accumulated depreciation.

Net tuition and fees increased by \$125 thousand as a result of 2.5% increase in full time enrollment and an average tuition increase of 12.5%. State appropriations decreased by \$427 thousand from the prior year.

### Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). These financial statements differ significantly in both the form and the accounting principles utilized from prior financial statements presented. The financial statements presented in prior years focused on accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

The statement of net assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of revenues, expenses and changes in net assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. GASB 35 requires State appropriations to be classified as nonoperating revenues. The College generated a net operating loss. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

An important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they become due. The statement of cash flows presents information related to cash inflows and outflows, summarized by operating, capital and financing activities.

**Condensed Financial Information**

**Statement of Net Assets (in thousands)**

**ASSETS**

Current assets	\$ 4,113
Capital assets, net	16,653
Other non-current assets	76
Total assets	<u>\$ 20,842</u>

**LIABILITIES**

Current liabilities	\$ 1,831
Non-current liabilities	318
Total liabilities	<u>2,149</u>

**NET ASSETS**

Invested in capital assets, net of related debt	16,653
Restricted	
Nonexpendable	76
Expendable	494
Unrestricted	1,470
Total net assets	<u>\$ 18,693</u>

**Assets** As of June 30, 2002, the College's total assets amount to approximately \$20.8 million. Investment in capital assets, net of depreciation, represented the College's largest asset, totaling \$16.7 million or 80 percent of total assets. Net capital assets decreased by \$611 thousand due to this initial year of recognizing depreciation. Cash and cash equivalents and investments, totaling \$2.5 million or 12 percent of total assets, were the College's next largest asset. Cash and investments increased by approximately \$354 thousand, primarily a result of new federal and state grant projects started late in the fiscal year.

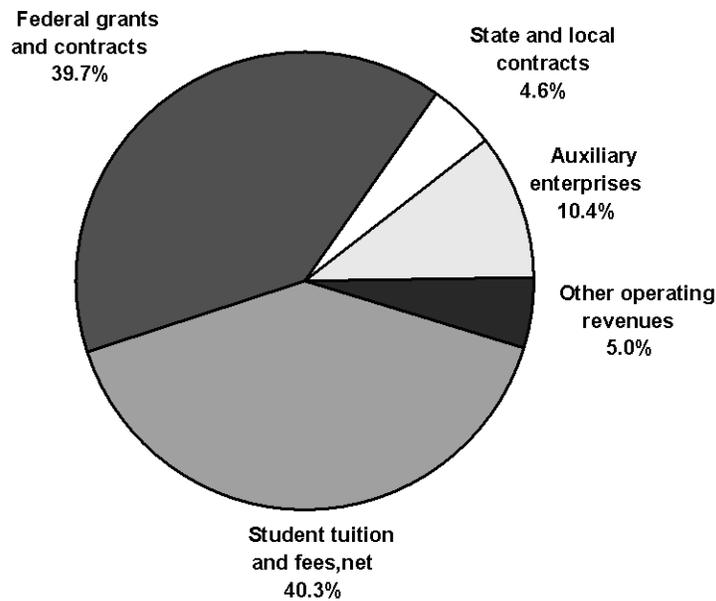
**Liabilities** At June 30, 2002, the College's liabilities totaled approximately \$2.1 million. Deferred revenue represented \$898 thousand or 42 percent, of total liabilities. Total liabilities increased during the year ended June 30, 2002, driven primarily by the new federal and state grant projects that started late in the fiscal year.

**Net Assets** Net assets at June 30, 2002 totaled approximately \$18.7 million, or 90 percent, of total assets. Net assets invested in capital totaled \$16.7 million or 89 percent, of total net assets. Restricted and unrestricted net assets represented 3 percent and 8 percent of total net assets, respectively. Total net assets decreased by a \$538,000 during the year ended June 30, 2002. Depreciation expense recognized during the fiscal year amounted to \$676,000.

*Statement of Revenues, Expenses and Changes in Net Assets (in thousands)*

OPERATING REVENUES	
Student tuition and fees, net	\$ 2,843
Grants and contracts	3,130
Auxiliary enterprises	731
Other operating revenues	354
Total operating revenues	<u>7,058</u>
OPERATING EXPENSES	
Educational and General	11,315
Depreciation	676
Auxiliary enterprises	892
Total operating expenses	<u>12,883</u>
Operating loss	(5,825)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	4,771
Investment income	(25)
Other non-operating expenses	0
Net non-operating revenues	<u>4,746</u>
Income (loss) before other revenues, expenses, gains, or losses	<u>(1,079)</u>
Capital appropriations	541
Capital grants and gifts	0
Total other revenues	<u>541</u>
Decrease in net assets	(538)
Net assets-beginning of year, as adjusted	<u>19,231</u>
Net assets-end of year	<u>\$ 18,693</u>

## OPERATING REVENUES

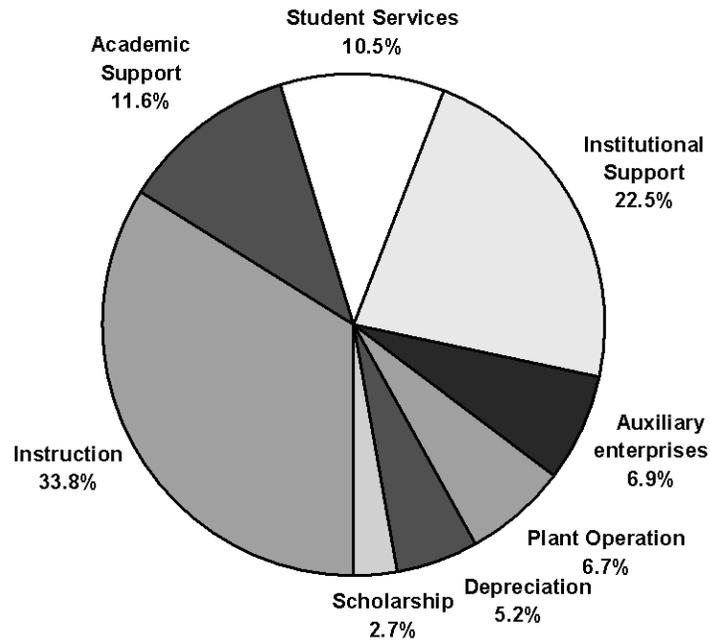


Total operating revenues were approximately \$7.1 million for the year ended June 30, 2002. The most significant sources of operating revenue for the College are net student tuition and fees (40.3 percent), federal grants and contracts (39.7 percent) and auxiliary enterprise revenues (10.4 percent).

Tuition and fees continued to be the largest source of operating revenues for the College. Income from student tuition and fees increased slightly because of a 2.5 percent increase in full-time enrollment equivalent during the academic year and an average tuition and fee increase of 12.5 percent.

There are other significant recurring source of revenue essential to the operation of the College is state appropriations, which is considered nonoperating revenue as defined by GASB 35. The College's state appropriation for the year ended June 30, 2002, amounted to \$4.8 million. This represents a decrease of \$427 thousand over the College's appropriation for the prior year.

## OPERATING EXPENSES



Operating expenses, including \$676 thousand of depreciation, totaled approximately \$12.9 million. The majority of the College's operating funds are expended directly for the primary mission of the College – instruction (33.8 percent), institutional support (22.5 percent), and academic support (11.6 percent). For the year ended June 30, 2002, student financial aid related to tuition and fees totaled \$2 million, including student aid expenses of \$1.7 million and scholarship allowances of \$300 thousand. This represents a 25 percent increase in the approximately \$1.6 million expended for financial aid related to tuition and fees in the prior year.

**Statement of Cash Flows (in thousands)**

Net cash provided (used) by:	
Operating activities	\$ (4,869)
Noncapital financing activities	4,772
Capital financing activities	476
Net increase in cash	<u>379</u>
Cash-beginning of year	<u>2,025</u>
Cash-end of year	<u><u>\$ 2,404</u></u>

The primary purpose of the statement of cash flows is to provide information about the cash receipts and cash payments made by the College during the period. The statement of cash flows also helps financial statement readers assess:

- the College’s ability to generate future net cash flows,
- the College’s ability to meet obligations as they become due and
- the College’s need for external financing.

Major sources of funds included in operating activities are student tuition and fees (\$2.8 million) and grants and contracts (\$3.0 million). The largest cash payments for operating activities were to employees, for wages and benefits, (\$9.3 million) and to suppliers (\$1.5 million).

The largest cash receipt in the noncapital financing activities group is the operating appropriation from the State of Ohio. Cash used by capital and related financing activities is primarily expended on the construction and acquisition of capital assets.

**Capital Assets**

**Capital Assets**

Capital assets, net of accumulated depreciation, totaled approximately \$16.7 million at June 30, 2002, a net decrease of \$611 thousand under the prior year-end. Additions to capital assets during the year totaled \$65 thousand, including \$33 thousand in capital expenditures for the College’s new cadaver lab located in the Health wing of the College.

At June 30, 2002, the College has two major capital construction projects underway, including the construction of the Evergreen Child Development Center and the Center for Business and Technology. These projects are expected to total approximately \$3.0 million upon completion.

**FACTORS IMPACTING FUTURE PERIODS**

The College is positioning for the future. There is a growing public recognition of the important role of community colleges. Washington State is committed to providing high quality and affordable education.

There is a direct relationship between the level of state support and the College’s ability to control tuition growth, as declines in state appropriations often result in increased tuition rates.

Economic pressures affecting the State of Ohio resulted in a significant shortfall in revenue for the fiscal year ended June 30, 2002. This shortfall prompted the State to reduce the College's appropriations for the year by 6 percent. The Ohio Board of Regents has notified all campuses in the State to be prepared for a potential reduction of appropriation for fiscal year 2002-03. As the College has not established a budget reserve to accommodate any reduction in support from the State, it is proceeding with caution. Preliminary enrollment for Fall 2002 term is up over 5.8 percent from the previous fall term.

Access to higher education in Southeast Ohio will be greatly enhanced as the College begins to provide on-site childcare for students in January of 2003. Completion of the Child Care Center for Business and Technology in July 2003 will allow the College to expend its effort in providing the appropriate training and certifications to local business and industry, helping to keep our local workforce trained and better prepared for a constantly changing work environment. Enrollment in health technology programs is at a peak, prompting the College to increase program capacities and clinical sites. While the College has been involved in distance education for some time, a more concerted effort will be the focus this year. A College foundation is being implemented to encourage support of our mission from a wider array of constituents.

Enrollment is growing, and facilities are expanding. These are encouraging signals for a bright future. Our challenge is to accommodate this growth in a responsible, cost-effective manner.



## REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

Board of Trustees  
Washington State Community College  
Washington County  
Marietta, Ohio

We have audited the accompanying statement of net assets of Washington State Community College (the College), a component unit of the State of Ohio, as of June 30, 2002 and the statements of revenue, expenses and changes in net assets and cash flows for the year 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 audit.

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

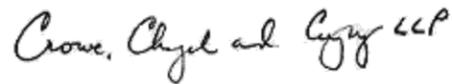
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2002, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the Financial Statements, the College adopted the provisions of the Governmental Accounting Standards Board Statement No. 35, "*Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*," as of July 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2002, 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 performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the College, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards 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 general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The Management's Discussion and Analysis (MD&A) on pages 1 to 7 is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.



Crowe, Chizek and Company LLP

Columbus, Ohio  
September 19, 2002

WASHINGTON STATE COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2002

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**ASSETS**

Current Assets

Cash and cash equivalents (Note 2)	\$ 2,404,162
Accounts receivable (net of allowance for doubtful accounts, \$40,000) (Note 3)	1,564,002
Inventory	120,729
Prepaid expenses	23,955
Total current assets	<u>4,112,848</u>

Noncurrent Assets

Investments	75,671
Capital assets, net (Note 4)	16,653,375
Total noncurrent assets	<u>16,729,046</u>
Total assets	<u>20,841,894</u>

**LIABILITIES**

Current Liabilities

Accounts payable and accrued liabilities (Note 5)	951,801
Compensated absences, current portion	44,670
Deferred revenue	834,298
Total current liabilities	<u>1,830,769</u>

Noncurrent Liabilities

Deferred revenue	63,260
Deposits held for others	1,793
Compensated absences	253,127
Total noncurrent liabilities	<u>318,180</u>
Total liabilities	<u>2,148,949</u>

**NET ASSETS**

Invested in capital assets	16,653,375
Restricted for	
Nonexpendable	
Scholarships and fellowships	75,672
Expendable	
Capital projects	488,673
Loans	4,984
Unrestricted	<u>1,470,241</u>
Total net assets	<u>\$ 18,692,945</u>

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See accompanying notes to the financial statements

WASHINGTON STATE COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year ended June 30, 2002

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**REVENUES**

Operating revenues	
Tuition and fees, (net of scholarship allowances of \$1,788,699)	\$ 2,843,081
Federal grants and contracts	2,804,439
State grants and contracts	326,026
Sales and service of educational departments	110,650
Auxiliary enterprises	731,227
Other operating revenues	242,837
Total operating revenues	<u>7,058,260</u>

**EXPENSES**

Operating expenses	
Education and general	
Instruction	4,351,706
Academic support	1,493,910
Student services	1,347,934
Institutional support	2,902,356
Operation and maintenance of plant	868,430
Depreciation	676,391
Student aid	351,122
Auxiliary enterprises	892,001
Total operating expenses	<u>12,883,850</u>
Operating loss	<u>(5,825,590)</u>

**NON-OPERATING REVENUES (EXPENSES)**

State appropriations subsidy	4,770,836
Private gifts and grants	55
Investment return	<u>(24,986)</u>
Net non-operating revenues	<u>4,745,905</u>
Loss before other revenues	<u>(1,079,685)</u>
Capital appropriations	<u>541,489</u>
Decrease in net assets	<u>(538,196)</u>

**NET ASSETS**

Net assets at beginning of year	25,903,854
Cumulative effective of changes in accounting principle	<u>(6,672,713)</u>
Net assets-beginning of year (as adjusted)	<u>19,231,141</u>
Net assets-end of year	<u>\$ 18,692,945</u>

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See accompanying notes to financial statements.

WASHINGTON STATE COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2002

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 1,943,664
Grants and contracts	2,983,999
Payment to suppliers and utilities	(1,459,585)
Payments to employees and benefits	(9,261,931)
Auxiliary enterprise receipts:	
Bookstore	785,070
Other receipts (payments)	139,285
Net cash used by operating activities	<u>(4,869,498)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	4,770,836
Gifts and grants for other than capital purposes	56
Agency activity	1,475
Net cash provided by noncapital financing activities	<u>4,772,367</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Capital appropriations	541,489
Purchases of capital assets	(65,253)
Net cash provided by capital financing activities	<u>476,236</u>

Net increase in cash	379,105
Cash - beginning of year	<u>2,025,057</u>
Cash - end of year	<u>\$ 2,404,162</u>

**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating loss	(5,825,590)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	676,391
Changes in assets and liabilities	
Receivables, net	17,418
Inventories	(32,140)
Other assets	46,779
Accounts payable	233,441
Deferred revenue	(28,737)
Deposits held for others	1,475
Compensated absences	41,465
Net cash used by operating activities	<u>\$ (4,869,498)</u>

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See accompanying notes to financial statements.

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Reporting Entity**

The Washington State Community College (the College) was originally chartered on September 17, 1971, by the Ohio Board of Regents in accordance with Section 3357.02 of the Ohio Revised Code. In 1991, the College's charter was revised to conform to the provisions of Section 3358.02 of the Ohio Revised Code. Also, the College began operating as a state community college on this date and changed its name from Washington Technical College to Washington State Community College. The College operates under an appointed Board of Trustees. The College is a component unit of the State of Ohio. The College is fully accredited by the North Central Association of Colleges and Schools.

**b. Basis of Presentation**

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, 2001, the College adopted GASB Statement 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:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted:**
  - Nonexpendable* – Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.
  - Expendable* – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net assets whose use by the College is not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. It replaces the fund group perspective previously required.

Beginning of the year fund balances have been restated to reflect the applications of the provisions of GASB 35, as follows (in thousands):

Combined fund balances, as previously reported	\$25,903,854
Accumulated depreciation, beginning of the year	(6,712,864)
Other, net	<u>40,151</u>
Total cumulative effect of accounting change for GASB Statement No. 35	<u>(6,672,713)</u>
Combined fund balances, restated as net assets	<u>\$19,231,141</u>

**c. Accrual Basis**

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 (BTA) as defined by GASB 35. BTAs are those activities that are financed in whole or part by fees charged to external parties for goods and services.

**d. Capital Assets**

Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Equipment with a unit cost of \$3,000 or more and having an estimated useful life of greater than one year, is capitalized. 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 is incurred. Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 20 years for land improvements, 10–40 years buildings and fixed equipment, 15 years for library books and 4–10 years for equipment.

**e. Inventories**

Inventories are stated at cost (first-in, first-out, or average cost).

**f. Investments**

Investments are stated at fair value.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Deferred Revenue**

Deferred revenue consists primarily of summer school fees. The College has deferred amounts received for tuition and fees prior to June 30, 2002 but relate to the subsequent accounting period.

**h. Restricted Asset Spending Policy**

The College's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

**i. Operating Activities**

The College defines operating activities, as reported on the statement of revenues, expenses, and changes in net assets, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state appropriations, gifts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

**j. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The balance sheet classification "cash and cash equivalents" includes all readily available sources of cash such as petty cash, demand deposits, certificates of deposit and temporary investments in marketable securities with original maturities less than three months. At June 30, 2002 the carrying amount of the College's deposits was \$2,404,162 with a corresponding total bank balance of \$2,678,795. Of the bank balance, \$301,717 was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the College. The remaining \$2,377,078 was classified as category 2 as defined below.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2002

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**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

*Category 1 :*

Insured or collateralized with securities held by the College or by its agent in the in the College's name.

*Category 2 :*

Collateralized with securities held by the pledging financial institution's trust Department or agent in the College's name.

*Category 3:*

Uncollateralized.

The College's investments as of June 30, 2002 were all category 1 and have a carrying and market value of \$75,671.

*Category 1:* Insured or registered, or securities held by the University or its agent in the College's name.

*Category 2:* Uninsured and unregistered, with securities held by the counter party's trust department or agent in the College's name.

*Category 3:* Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the College's name.

**NOTE 3 - NOTES, LOANS AND ACCOUNTS RECEIVABLE**

Notes, loans and accounts receivable as of June 30, 2002 are as follows:

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Students	\$ 1,017,784	\$ 39,626	\$ 978,158
Reimbursement receivable – grants and contracts	362,254		362,254
Other	223,590		223,590
	<u>\$ 1,603,628</u>	<u>\$ 39,626</u>	<u>\$ 1,564,002</u>

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

**NOTE 4 - CAPITAL ASSETS, NET**

Capital assets as of June 30, 2002 are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Land	\$ 980,000			\$ 980,000
Buildings	16,889,918	\$ 22,500		16,912,418
Land Improvements	2,872,115			2,872,115
Library Books	381,821	8,564		390,385
Moveable Equipment	<u>2,853,524</u>	<u>34,189</u>	\$ 1,950	<u>2,885,763</u>
	23,977,378	65,253	1,950	24,040,681
Accumulated Depreciation				
Buildings	2,803,459	422,810		3,226,269
Land Improvements	1,138,125	143,605		1,281,730
Library Books	222,162	26,026		248,188
Moveable Equipment	<u>2,549,119</u>	<u>83,950</u>	<u>1,950</u>	<u>2,631,119</u>
	<u>6,712,865</u>	<u>676,391</u>	<u>1,950</u>	<u>7,387,306</u>
Capital assets, net	<u>\$ 17,264,515</u>	<u>\$ (611,138)</u>	<u>\$ --</u>	<u>\$ 16,653,375</u>

**NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of June 30, 2002 are as follows:

Payable to vendors and contractors	\$ 276,671
Accrued expenses, primarily payroll and vacation leave	473,654
Employee withholdings and deposits payable to third parties	<u>201,476</u>
	<u>\$ 951,801</u>

(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 6 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES**

The College participates in the State Teachers' Retirement System (STRS) and the School Employees' Retirement System (SERS) retirement plans for academic and nonacademic personnel.

**a. School Employees' Retirement System**

The College contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 45 N. Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members were required to contribute 9% at June 30, 2001 (date of most recent information available) of their annual covered salary and the College is required to contribute at an actuarially determined rate. The June 30, 2001 (date of most recent information available) rate was 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 SEERS' Retirement Board. The College's contributions to SERS for the years ended June 30, 2002, 2001 and 2000 were \$311,522, \$334,701, and \$296,853, respectively.

The payroll for employees covered by SERS for the fiscal year ended June 30, 2002, 2001 and 2000 was approximately \$2,225,154, \$2,323,286 and \$2,270,000, respectively; the total payroll for Washington State Community College was \$5,936,219 for the fiscal year ended June 30, 2002.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 6 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES (Continued)**

**b. State Teachers' Retirement System**

The State Teachers Retirement System of Ohio (STRS) is a cost-sharing, multiple-employer public employee retirement system. STRS is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution, or other agency wholly controlled, managed, and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60, (2) 25 years of service credit and attained age 55, or (3) 30 years of service credit regardless of the "formula benefit" or the "money purchase benefit" calculation. Under the "formula benefit" the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is determined by multiplying final average salary by 2.5% for each year of Ohio contributing service in excess of 30 years and by 2.1% for all other years of credited service up to a maximum allowance of 100% of final average salary.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual-retirement allowance.

Eligible faculty of Ohio's public college and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Full-time faculty with less than five years of service credit have a one-time option to select an ARP instead of STRS Ohio. Employees hired after the ARP is established have 90 days from their hire date to select a retirement plan.

A retiree of STRS or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or lump sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost of living increases, up to a maximum of 3% of the original benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 6 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES (Continued)**

A member with five or more years of credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to the beneficiaries.

Benefits are established by Chapter 3307, Revised Code. Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001 (date of most recent information available), were 9.3% of covered payroll for members and 14% for employers. Employer contributions by the College were \$516,644, \$566,112, and \$566,481 for the years ended June 30, 2002, 2001 and 2000, respectively.

The amount of the employer's covered payroll for the years ended June 30, 2002, 2001 and 2000 was approximately \$3,690,316, \$4,043,659 and \$4,070,000, respectively.

STRS issues a stand-alone financial report. That report may be obtained after January 1, 2002 by writing to STRS, 275 E. Broad Street, Columbus, Ohio 43215 or by calling (614) 227-4090.

**c. Alternative Retirement Plan**

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan to participating in the State Teachers Retirement System. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 5.76%. The College has implemented the alternative retirement plan. In fiscal year 2002, the employer match was \$2,080.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to the pension benefits described in Note 6, the College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System and to retired noncertified employees and their dependents through the School Employees' Retirement System.

The State Teachers Retirement System provides comprehensive health care benefits to retirees 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 health care coverage. Pursuant to the Revised Code (RC), the State Teachers Retirement Board (the board) has discretionary 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.

The RC grants authority to STRS to provide health care 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.

The board currently allocates employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are made. The balance in the Health Care Reserve Fund was \$3.4 19 billion at June 30, 2001 (the date of the most recent information available). The Health Care Reserve Fund allocation for the year ended June 30, 2001 and after will be 4.5% of covered payroll. The net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2001 (the date of the most recent information available), the allocation rate was 8.45%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001 (the date of the most recent information available), the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer-contribution rate, provides for maintenance of the asset target level for the health care fund.

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(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (the date of the most recent information available) were \$161,400,000 and the target level was \$211 million. At June 30, 2001 (the date of the most recent information available), the SERS' net assets available for payment of health care benefits was \$315.7 million.

The number of participants currently receiving health care benefits is approximately 59,000.

The employer contributions used to fund post-employment benefits can be determined by multiplying actual employer contributions by .450, then adding the surcharge due as of June 30, 2001, as certified by SERS for our district.

**NOTE 8 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

The College's operating expenses by natural classification were as follows for the year ended June 30, 2002:

Salaries and wages	\$ 6,432,655
Employee benefits	2,829,276
Utilities	587,682
Supplies and other services	2,006,724
Depreciation	676,391
Student scholarships and financial aid	<u>351,122</u>
	<u>\$12,883,850</u>

**NOTE 9 - RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts, theft of, damage to, and destructions of assets, errors and omissions, injuries to employees and natural disasters. The College contracts with Continental Insurance Company for property and general liability insurance, including boiler and machinery coverage.

Vehicles are covered by Utica National Insurance Company and hold a \$250 deductible. Automobile liability coverage has a \$500,000 limit for collision and a \$500,000 limit for bodily injury. Settled claims have not exceeded any aforementioned commercial coverage in any of the past four years.

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

The College provides life insurance, and accidental death and dismemberment insurance to its employees.

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002

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**NOTE 9 - RISK MANAGEMENT (Continued)**

The College contracts with Anthem Blue Cross and Blue Shield Insurance for hospitalization and Metlife for dental insurance and Vision Service Plan for vision insurance. The College pays 90% of the total monthly premiums for this insurance coverage and the employee pays for the remaining 10%. The College pays 80% of the total monthly premiums for hospitalization and major medical and the employees pay the remaining 20%. Premiums are paid from the same funds that pay the employees' salaries.

The College is involved from time to time in routine litigation. Management does not believe that the ultimate resolution of this litigation will be material to its financial condition or results of operations.

**SUPPLEMENTARY INFORMATION**

WASHINGTON STATE COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For fiscal year ended June 30, 2002

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass through Entity identifying Number	Expenditures
<u>U.S. Department of Education</u>			
Student Financial Aid Cluster			
Federal Pell Grant	84.063		\$ 2,002,914
Federal Work Study (Note 3)	84.033		45,504
Federal Family Education Loan (Note 2)	84.032		<u>1,387,752</u>
Total Student Financial Aid Cluster			3,436,170
Talent Search	84.044		202,564
Student Support Services	84.042		277,154
Upward Bound	84.047		294,770
Eisenhower: Reading with Math and Science	84.319		2,848
Passed Through State Department of Education			
Basic Grants to States			
Technical preparation education	84.243	0643453E-00	<u>164,494</u>
Total Basic Grants to States			941,830
Total U.S. Department of Education			4,378,000
<u>U.S. Department of Health and Human Services</u>			
Passed-Through State Department			
of Human Resources:			
Temporary Assistance for Needy Families	93.558		45,207
<u>U.S. Department of Agriculture</u>			
Food Service	10.559		<u>1,314</u>
Total Federal Awards			<u>\$ 4,424,521</u>

(Continued)

WASHINGTON STATE COMMUNITY COLLEGE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2002

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2 - OUTSTANDING LOANS**

The College does not make Federal Family Education Loans (FFELs). The amount presented represents the value of new FFELs awarded during the year as follows:

Federal Stafford Loans	\$ 833,202
Federal Unsubsidized Stafford Loans	554,550
Total FFELs	<u>\$ 1,387,752</u>

**NOTE 3 - AMOUNTS REQUIRED FOR MATCHING**

To comply with program requirement, amounts required to be expended from non-Federal sources have been excluded from reported expenditures. For June 30, 2002 the College's required portion of expenditures was as follows:

	<u>Federal CFDA Number</u>	<u>Amount Provided for Matching</u>
Federal Work-Study Program	84.033	\$ 15,168

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(Continued)



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

Board of Trustees  
Washington State Community College  
Washington County  
Marietta, Ohio

We have audited the financial statements of Washington State Community College (the College) as of and for the year ended June 30, 2002, and have issued our report thereon dated September 18, 2002. 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 is required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

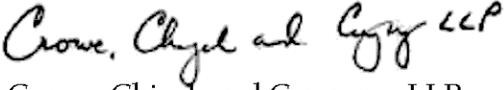
In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over

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(Continued)

financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the College in a separate letter dated September 18, 2002.

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

  
Crowe, Chizek and Company LLP

Columbus, Ohio  
September 18, 2002



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

Board of Trustees  
Washington State Community College  
Washington County  
Marietta, Ohio

### Compliance

We have audited the compliance of Washington State 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, 2002. The 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 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, 2002.

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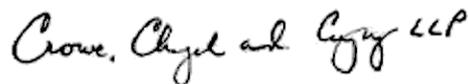
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## Internal Control Over Compliance

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 material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the College in a separate letter dated September 18, 2002.

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



Crowe, Chizek and Company LLP

Columbus, Ohio  
September 18, 2002

WASHINGTON STATE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2002

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1. Summary of Auditor's Results

- a. An unqualified opinion was issued on the financial statements of Washington State Community College for the year ended June 30, 2002.
- b. An unqualified opinion was issued to Washington State Community College for compliance with major programs.
- c. The audit did not disclose any noncompliance that is material to the financial statements.
- d. There were no audit findings required to be disclosed under OMB Circular A-133 Section 510(a).
- e. Major Programs Identified:
  - Student financial aid cluster
  - Federal Pell Grant program
  - Federal Work Study program
  - Federal Family Education Loan program
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- g. The auditee was considered a low-risk auditee.

2. Findings related to financial statements that are required to be reported in accordance with GAGAS:

None.

3. Findings and questioned costs for federal awards including audit findings as described in OMB Circular A-133 Section 510(a):

None.

**PRIOR YEAR FINDINGS**

No findings or questioned costs for federal awards including audit findings as defined in OMB Circular A-133 Section 510(a) were reported in the prior audit period.

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WASHINGTON STATE COMMUNITY COLLEGE  
APPOINTED OFFICIALS  
June 30, 2002

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Board of Trustees:

<u>Title/Name</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount of Coverage</u>
<u>Chairperson</u> John F. Greacen, Jr.	02/26/99-02/18/05	(A)	\$ 1,000,000
<u>Vice-Chairman</u> Ms. Janet Storms	02/19/02-02/18/08	(A)	\$ 1,000,000
<u>Members</u> John R. Hendricks	02/19/97-02/18/03	(A)	\$ 1,000,000
James D. McKinney	02/26/99-02/18/05	(A)	\$ 1,000,000
Jean Glenn	02/19/02-02/18/08	(A)	\$ 1,000,000
Harry M. Cogswell	02/19/97-02/18/03	(A)	\$ 1,000,000
Patricia S. Marvin	02/26/99-02/18/05	(A)	\$ 1,000,000
Wen-Yu Cheng	02/19/97-02/18/03	(A)	\$ 1,000,000
William A. Fields	02/19/02-02/18/08	(A)	\$ 1,000,000

(A) Republic Franklin Insurance Company for the period July 1, 2001 through June 30, 2002.

WASHINGTON STATE COMMUNITY COLLEGE  
ADMINISTRATIVE PERSONNEL  
June 30, 2002

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<u>Name and Address</u>	<u>Title</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Dr. Carson K. Miller 710 Colegate Drive Marietta, OH 45750	President	(A)	\$ 1,000,000
Richard Peoples 710 Colegate Drive Marietta, OH 45750	Vice President/Treasurer	(A)	\$ 1,000,000

(A) Republic Franklin Insurance Company for the period July 1, 2001 through June 30, 2002.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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

**WASHINGTON STATE COMMUNITY COLLEGE**

**WASHINGTON 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  
DECEMBER 23, 2002**