

TERRA COMMUNITY COLLEGE
ANNUAL REPORT
Year Ended June 30, 2003 and 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Terra Community College

We have reviewed the Independent Auditor's Report of the Terra Community College, Sandusky County, prepared by Crowe Chizek and Company LLC for the audit period July 1, 2002 through June 30, 2003. 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 Terra Community College is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 6, 2004

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TERRA COMMUNITY COLLEGE
Sandusky County

ANNUAL REPORT
June 30, 2003 and 2002

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TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Terra Community College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2003 with selected comparative information for the year ended June 30, 2002. Responsibility for the completeness and fairness of this information rests with the College and should be read in conjunction with the accompanying financial statements and notes.

Using the Annual Report

The financial statements focus on the College as a whole. The College's financial basic statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Assets is designed to present the College's financial position as of a point in time. This statement combines current financial resources (short-term spendable resources) with capital assets and other long-term resources. The Statements of Revenues, Expenses, and Changes in Net Assets focuses on the change in net assets over the year to indicate whether there has been improvement or erosion of the College's financial health.

Financial Highlights

When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Terra Community College's operating results.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assts include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

Condensed Financial Information

Statement of Net Assets

(in thousands)

	<u>2003</u>	<u>2002</u>
Assets		
Current assets	\$ 6,298	\$ 5,331
Capital assets, net	18,502	19,083
Other noncurrent assets	27	35
Total assets	24,827	24,449
Liabilities		
Current liabilities	1,275	1,394
Noncurrent liabilities	406	395
Total liabilities	1,681	1,789
Net assets		
Invested in capital assets, net of related debt	18,466	19,040
Restricted		
Nonexpendable	-	-
Expendable	1,069	789
Unrestricted	3,611	2,831
Total net assets	\$ 23,146	\$ 22,660

Assets: As of June 30, 2003, the College's total assets amount to approximately \$24.8 million. Investment in capital assets, net of depreciation, represented the College's largest asset, totaling \$18.5 million or 75 percent of total assets. Cash and cash equivalents and investments, totaling \$4.3 million or 17 percent of total assets, were the College's next largest asset. Cash and investments increased by approximately \$671 thousand, primarily a result of a 9.9% increase in tuition in Fall 2003.

Liabilities: At June 30, 2003, the College's liabilities totaled approximately \$1.7 million. Accounts payable and accrued liabilities represented \$763 thousand or 45 percent, of total liabilities. Total liabilities decreased during the year ended June 30, 2003 primarily due to the accounts payable for equipment being higher at the end of FY02.

Net Assets: Net assets at June 30, 2003, totaled approximately \$23.1 million or 93 percent of total assets. Net assets invested in capital assets totaled \$18.5 million or 80 percent, of total net assets. Restricted and unrestricted net assets represented 5 percent and 15 percent of total net assets, respectively. Total net assets increased by \$486 thousand during the year ended June 30, 2003.

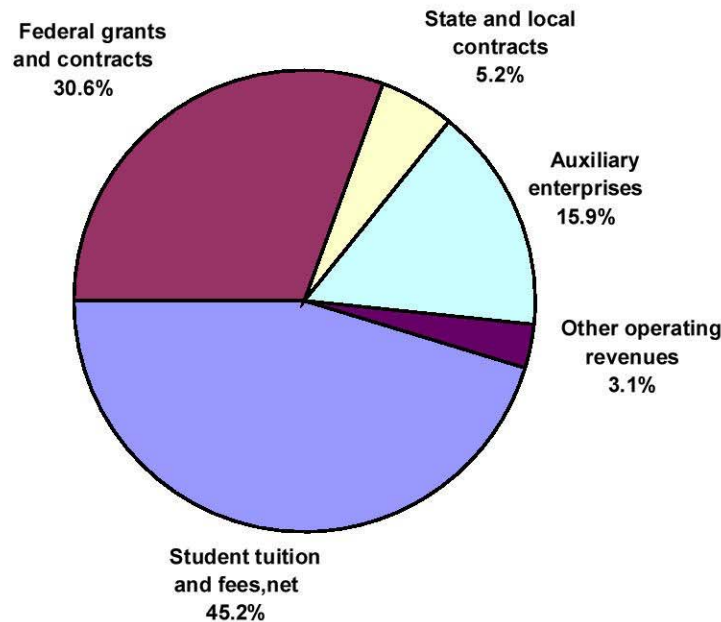
TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

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

	<u>2003</u>	<u>2002</u>
Operating revenue		
Tuition and fees	\$ 3,995	\$ 3,663
Government grants	3,160	2,418
Auxiliary services	1,404	1,265
Other operating revenue	271	175
Total operating revenue	<u>8,830</u>	<u>7,521</u>
Operating expenses		
Educational and general	13,015	12,963
Auxiliary expenses	935	946
Depreciation	1,135	1,112
Total operating revenue	<u>15,085</u>	<u>15,021</u>
Net loss from operations	<u>(6,255)</u>	<u>(7,500)</u>
Nonoperating revenue (expenses)		
State appropriations	6,500	6,811
Gifts and grants	42	160
Investment income	58	66
Other nonoperating	(3)	(3)
Total nonoperating revenue	<u>6,598</u>	<u>7,034</u>
Capital appropriations	<u>144</u>	<u>305</u>
Increase in net assets during year	<u>\$ 488</u>	<u>\$ (161)</u>

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

OPERATING REVENUES



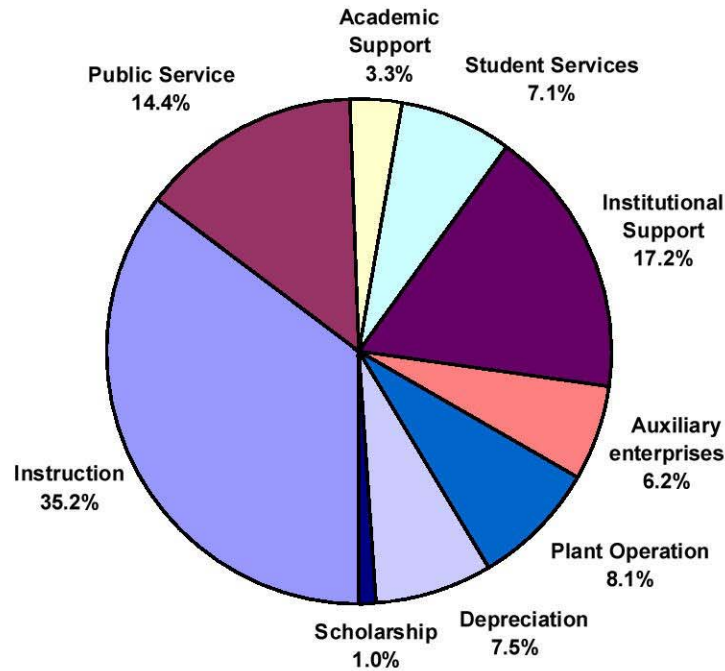
Total operating revenues were approximately \$8.8 million the year ended June 30, 2003. The most significant sources of operating revenue for the College are net student tuition and fees (45.2 percent), federal grants and contracts (30.6 percent) and auxiliary enterprise revenues (15.9 percent).

Tuition and fees continued to be the largest source of operating revenues for the College. Tuition revenue increased approximately 9% primarily from the increase in tuition rates. Grant revenue increased 31% as the College increased utilization of certain programs and also added several state grants.

State appropriations, which is considered nonoperating revenue as defined by GASB 35, is a significant recurring source of revenue essential to the operation of the College. The College's state appropriation for the year ended June 30, 2003, amounted to \$6.5 million. This represents a decrease of \$311 thousand over the College's appropriation for the prior year or just under 5%.

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

OPERATING EXPENSES



Operating expenses, including \$1.1 million of depreciation, totaled approximately \$15.1 million. The majority of the College's operating funds are expended directly for the primary mission of the College - instruction (35.2 percent), institutional support (17.2 percent) and public service (14.4 percent).

Total operating expenses increased less than 1% as the College maintained tight control over expenditures.

For the year ended June 30, 2003, student financial aid related to tuition and fees totaled \$1.9 million, including scholarship allowance of \$1.7 million and student aid expense of \$150 thousand. This represents a 27 percent increase over the prior year.

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

Statement of Cash Flows
(in thousands)

	<u>2003</u>	<u>2002</u>
Net cash provided (used) by:		
Operating activities	\$ (5,509)	\$ (6,013)
Noncapital financing activities	6,541	7,202
Capital financing activities	(419)	(163)
Investing activities	<u>33</u>	<u>279</u>
Net increase in cash	646	1,305
Cash-beginning of year	<u>1,860</u>	<u>556</u>
Cash-end of year	<u>\$ 2,506</u>	<u>\$ 1,861</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 (\$4.0 million) and grants and contracts (\$2.9 million). The largest cash payments for operating activities were to employees, for wages and benefits, (\$9.7 million) and to suppliers (\$4.2 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, net of accumulated depreciation, totaled approximately \$18.5 million at June 30, 2003, a net decrease of \$581 thousand under the prior year-end. Additions to capital assets during the year totaled \$554 thousand.

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

Statement of Cash Flows
(in thousands)

The increase was the result of renovation of current facilities for the nursing program with a distance learning classroom and a four bed nursing lab.

TERRA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003 and 2002

Factors impacting future periods

The economic position of Terra Community College is closely tied to that of the State. State Share of Instruction and Access Challenge funding for FY04 is projected at \$6.1 million which is the same level of funding received in FY03. Current projections for FY05 indicate further reductions to the College's state funding.

In FY03, the College was able to offset most of the losses in state funding through tight fiscal management and by exercising extensive cost cutting measures across the board. In anticipation of the potential of additional funding losses from the State, the Board of Trustees approved a 6.0% tuition increase effective Summer 2003 in March of 2003. Known expense increases in FY04 are a 2.0% salary increase for faculty and staff and a 10.15% medical insurance increase.

Campus-wide concentrated efforts have been made in recent months to increase enrollment. These efforts have been significant as enrollment has increased for the first time since the fall of 1997. Full time equivalent students are up 8.60% from just over a year ago.

Management is taking every step it can to insure the College remains in a strong financial position and be a valued resource to the community.

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

Board of Trustees
Terra Community College
Sandusky County
Fremont, Ohio

We have audited the accompanying statement of net assets of Terra Community College (the College), a component unit of the State of Ohio, as of June 30, 2003 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. The financial statements of Terra Community College as of June 30, 2002 were audited by other auditors whose report dated September 18, 2002 expressed an unqualified opinion on those statements.

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, 2003, 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 18, 2003, 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 LLC

Columbus, Ohio
September 18, 2003

TERRA COMMUNITY COLLEGE
STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Current Assets		
Cash and cash equivalents	\$ 2,506,034	\$ 1,860,441
Short-term investments	1,752,561	1,727,628
Intergovernmental receivable	274,947	159,971
Due from State of Ohio	37,347	23,408
Loans receivable, net	5,471	6,967
Other receivables	1,403,113	1,245,276
Inventory	238,274	257,619
Other assets	80,713	49,514
Total current assets	6,298,460	5,330,824
Noncurrent assets		
Long-term other receivables	27,161	35,171
Capital assets, gross	37,642,756	37,119,450
Accumulated depreciation	(19,141,249)	(18,036,542)
Capital assets, net	18,501,507	19,082,908
Total noncurrent assets	18,528,668	19,118,079
Total assets	24,827,128	24,448,903
 <u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	762,752	876,123
Deferred revenue	244,954	245,270
Capital lease obligation, current	8,010	7,539
Compensated absences	259,063	265,421
Total current liabilities	1,274,779	1,394,353
Noncurrent Liabilities		
Capital lease obligation, long term	27,161	35,171
Compensated absences	379,436	359,561
Total noncurrent liabilities	406,597	394,732
Total liabilities	1,681,376	1,789,085
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	18,466,336	19,040,198
Nonexpendable	-	-
Expendable		
Other	65,144	55,367
Capital projects	1,003,715	732,995
Unrestricted	3,610,557	2,831,258
Total net assets	\$ 23,145,752	\$ 22,659,818

See accompanying notes to financial statements

TERRA COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002

REVENUES	<u>2003</u>	<u>2002</u>
Operating Revenues		
Tuition and fees (net of scholarship allowances of of \$1,709,831 in 2003 and \$1,445,037 in 2002)	\$ 3,995,106	3,663,201
Federal grants and contracts	2,696,581	2,342,791
State grants and contracts	371,585	75,259
Private grants and contracts	91,558	-
Sales and services	163,073	164,990
Auxillary enterprises	1,241,077	1,100,181
Other operating revenues	271,269	175,012
Total operating revenues	<u>8,830,249</u>	<u>7,521,434</u>
EXPENSES		
Operating Expenses		
Educational and general		
Instructional	5,304,254	5,342,095
Public service	2,175,386	2,060,237
Academic support	498,235	469,514
Student services	1,068,279	1,073,150
Institutional support	2,599,820	2,673,146
Operation and maintenance of plant	1,219,082	1,247,326
Depreciation expense	1,134,933	1,111,887
Student federal financial aid	150,056	98,648
Auxiliary enterprises	935,248	945,786
Total operating expenses	<u>15,085,293</u>	<u>15,021,789</u>
Operating loss	<u>(6,255,044)</u>	<u>(7,500,355)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	6,500,391	6,811,521
Federal grants and contracts	-	115,465
Gifts	41,303	44,429
Investment income (loss)	57,519	65,925
Interest on indebtedness	(2,669)	(3,113)
Net nonoperating revenues	<u>6,596,544</u>	<u>7,034,227</u>
Income (loss) before other revenues, expenses, gains and losses	<u>341,500</u>	<u>(466,128)</u>
Capital appropriations	144,434	305,060
Total other revenue	<u>144,434</u>	<u>305,060</u>
Increase (decrease) in net assets	485,934	(161,068)
NET ASSETS		
Net assets - beginning of year	<u>22,659,818</u>	<u>22,820,886</u>
Net assets- end of year	<u>\$ 23,145,752</u>	<u>\$ 22,659,818</u>

See accompanying notes to financial statements

TERRA COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS - DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 3,976,092	\$ 3,639,838
Grants and contracts	2,929,396	2,577,745
Other income	431,769	355,204
Auxillary enterprise receipts	1,241,077	1,111,657
Payments to suppliers	(4,225,076)	(4,000,838)
Payments for payroll and benefits	(9,712,583)	(9,597,528)
Payments for scholarships and fellowships	(150,056)	(98,648)
Net cash from operating activities	<u>(5,509,381)</u>	<u>(6,012,570)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	6,500,391	6,811,521
Grants and contracts other than capital	41,303	390,327
Net cash from noncapital financing activities	<u>6,541,694</u>	<u>7,201,848</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases on capital assets	(409,098)	(153,061)
Repayment of capital lease	(7,539)	(7,095)
Interest on capital lease	(2,669)	(3,113)
Net cash from financing activities	<u>(419,306)</u>	<u>(163,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in short-term investments	(24,933)	212,500
Interest on investments	57,519	65,925
Net cash from investing activities	<u>32,586</u>	<u>278,425</u>
NET INCREASE IN CASH	645,593	1,304,434
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,860,441</u>	<u>556,007</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,506,034</u>	<u>\$ 1,860,441</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (6,255,044)	\$ (7,500,355)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation expense	1,134,933	1,111,887
Changes in assets and liabilities		
Receivables	(277,246)	815,158
Inventories	19,345	18,604
Prepaid expenses	(31,199)	(13,786)
Accounts Payable	(109,704)	92,228
Accrued salaries and benefits	13,517	(83,061)
Deposits held	(3,667)	17,006
Deferred revenue	(316)	(470,251)
Net cash from operating activities	<u>\$ (5,509,381)</u>	<u>\$ (6,012,570)</u>

See accompanying notes to financial statements

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The College is a component unit of the State of Ohio and is included in the general-purpose statements of the State of Ohio.

Financial Statement 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). In accordance with GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* (GASB No. 35) and subsequent standards issued by GASB, the financial statement presentation 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.

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Assets: The College's net assets are classified as follows:

Invested in capital assets, net of related debt. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets - nonexpendable. Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2003 and 2002, the College had no nonexpendable restricted assets.

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

Unrestricted net assets. Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Inventories: Inventories consist principally of books and supplies of the bookstore. Bookstore inventories at year-end are stated at the lower of cost or market value on the first-in, first-out basis.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$1,000 or more, and an estimated life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 5 to 7 years for equipment.

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statements of net assets, and as a component of compensation and benefit expense in the statements of revenues, expenses, and changes in net assets.

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

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

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues: The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenue. Operating revenues included activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Nonoperating revenues. Nonoperating revenues included activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources.

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

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.

Reclassifications: Certain items have been reclassified for the year ended June 30, 2002, in order to conform to classifications used for the year ended June 30, 2003.

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 2 - DEPOSITS AND INVESTMENTS

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

The College Treasurer's Office is responsible for selecting depositories and investing funds. Protection for the College's deposits is provided by the Federal Deposit Insurance Corporation, qualified securities pledged in the name of the College and held at the Federal Reserve, or by a collateral pool created by the financial institution to cover all local governmental deposits. The face value of the pooled collateral must equal at least 110% of the public funds on deposit. At least quarterly the College determines that the collateral has a market value adequate to cover the deposits.

At year-end, the carrying amount of the College's deposits was \$2,506,034 and the bank balance was \$2,909,497. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$2,809,497 was uninsured and uncollateralized. Although the securities were held in pooled collateral by the pledging institution in the pledging institution's name and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the money held in the College's name to a successful claim by the FDIC.

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

The College's short-term investments are with STAR Ohio. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry forms.

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2003 consisted of accounts (tuition and other fees), notes, interest and intergovernmental grants. All receivables, except for doubtful accounts receivables in collection with the Ohio Attorney General, are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

NOTE 4 - CAPITAL ASSETS

Capital assets at June 30, 2003 and 2002 are summarized as follows:

<u>Description</u>	June 30, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2003</u>
Land	\$ 302,404	\$ --	\$ --	\$ 302,404
Improvements	2,354,748	175,751		2,530,499
Buildings	23,534,519	310,182	--	23,844,701
Construction in progress	247,841	(247,841)	--	--
Equipment, furniture and books	<u>10,679,938</u>	<u>315,439</u>	<u>(30,225)</u>	<u>10,965,152</u>
Total	37,119,450	<u>\$ 553,531</u>	<u>\$ (30,225)</u>	37,642,756
Accumulated depreciation	<u>(18,036,542)</u>	<u>\$ (1,127,413)</u>	<u>\$ (22,706)</u>	<u>(19,141,249)</u>
Capital assets, net	<u>\$ 19,082,908</u>			<u>\$ 18,501,507</u>

NOTE 5 - STATE SUPPORT

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

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

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 5 - STATE SUPPORT (Continued)

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

In 2003, the College received capital project appropriations of \$254,120 under a program that involved another community college. The amount shown as capital appropriations of \$144,434 is net of the amount utilized by the other community college.

NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities include payments for SERS and STRS, and alternative retirement benefit payments due on accrued salaries. Also included are vacation and sick leave benefits and salaries and wages payable at June 30, 2003.

The SERS and STRS payable represents withholdings from employees in one fiscal year to be paid to the School Employees Retirement System and the State Teachers Retirement System in subsequent fiscal year. Vacation and sick leave payable is management's estimation of earned benefits that would be paid to employees upon termination, retirement or by usage of vacation and sick leave. It is recorded in accordance with Statement No. 16 of the Governmental Accounting Standards Board. Salaries and wages payable represent employee earnings for one fiscal year that are not paid until the subsequent fiscal year. It is mostly faculty contracts that are earned but not yet paid at year-end.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System (SERS): Terra Community College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirements System, 300 East Broad Street, Columbus, Ohio 43215.

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9% of their covered salary and Terra Community College is required to contribute an actuarially determined rate. The current rate is 14% of covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory amounts, by SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The College's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$489,194, \$479,466 and \$486,304, respectively.

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

Plan members are required to contribute 9.3% of their covered salary and Terra Community College is required to contribute an actuarially determined rate. The current rate is 14% of covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory amounts, by STRS' Retirement Board. The adequacy of the contribution rates is determined annually. The College's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$517,712, \$489,288 and \$552,721, respectively.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2002 (the latest information available) the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the College, this amount was \$160,000 and \$157,271 during fiscal year 2003 and 2002, respectively. The balance in the Health Care Reserve Fund was \$3.42 billion on June 30, 2002 (the latest information available).

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$438 million and STRS had approximately 105,000 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent is allocated to providing health care benefits. At June 30, 2002 (the latest 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 a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002 (the latest information available), the minimum pay has been established at \$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.

The target level for health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.9 million and the target level was \$274 million. At June 30, 2002 (the latest information available), the Retirement System's net assets available for payment of health care benefits were \$335.2 million. The number of participants currently receiving health care benefits is approximately 60,000. The portion of the employer contributions that were used to fund post employment benefits was \$350,000 and \$335,626 for 2003 and 2002, respectively.

NOTE 9 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

The College's operating expenses by natural classification were as follows for the years ended June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Salaries and wages	\$ 7,504,038	\$ 7,478,106
Employee benefits	2,221,600	2,200,596
Utilities	461,973	509,380
Supplies and other services	3,612,693	3,623,172
Depreciation	1,134,933	1,111,887
Student scholarships and financial aid	<u>150,056</u>	<u>98,648</u>
	<u>\$ 15,085,293</u>	<u>\$15,021,789</u>

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 10 - RISK MANAGEMENT (Continued)

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 disaster. The College contracts with Cincinnati Insurance Company for property and general liability insurance, including boiler, machinery and vehicle coverage. Vehicles hold a \$100 comprehensive and \$500 collision deductible. Automobile liability coverage has a \$1,000,000 limit for collision and a \$1,000,000 limit for bodily injury. The professional liability coverage is through Great American Insurance Co. 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 full-time employees.

The College contracts with Anthem Blue Cross and Blue Shield Insurance for hospitalization and dental insurance. The College pays 90% of the monthly premiums for health insurance coverage and the employee pays for the remaining 10% for full-time employees. The College pays 100% of the single dental premium as well.

NOTE 11 - CAPITAL LEASE

The College has entered into a lease agreement for financing the acquisition of capital equipment. This lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at present value of the future minimum lease payments as of the date of inception.

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2003:

<u>Year</u>	
2004	\$ 10,208
2005	10,208
2006	10,208
2007	<u>10,208</u>
Total minimum lease payment	40,832
Less: Amount representing interest	<u>(5,661)</u>
 Present value of future minimum lease payments	 <u>\$ 35,171</u>

(Continued)

TERRA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2003 and 2002

NOTE 12 - PENDING LITIGATION

At June 30, 2003, there were lawsuits and claims pending against Terra Community College. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of Terra Community College.

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

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SUPPLEMENTAL INFORMATION

TERRA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2003

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass through Entity Number	Federal CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Education</u>				
Student Financial Aid Cluster				
Pell Grant - Financial Aid	Direct	84.063	\$ 1,629,501	\$ 1,629,501
Pell Grant - Adm. Allowance	Direct	84.063	<u>605</u>	<u>605</u>
Total Pell Grant			1,630,106	1,630,106
Federal Supplemental Educational				
Opportunity Grant	Direct	84.007	70,000	70,000
Federal Work Study	Direct	84.033	70,000	70,000
Federal Family Education Loans(Note 2)	Direct	84.032	<u>1,538,863</u>	<u>1,538,863</u>
Total Student Financial Aid Cluster			3,308,969	3,308,969
Child Care				
Childcare Access Means Parents in School	Direct	84.335A	9,792	9,792
Pass through Ohio Department of Education				
Perkins Grant	VEC PII-P2003-509	84.048	55,196	55,196
Tech Prep	VETP-2003-18	84.243	<u>160,487</u>	<u>160,487</u>
Total Ohio Department of Education			215,683	215,683
Pass through Ohio Bureau of Vocational Rehab.				
Rehabilitation Services Basic Support	DLM 98094	84.126	<u>50,037</u>	<u>50,037</u>
Total U.S. Department of Education			3,584,481	3,584,481
<u>U.S. Department of Labor</u>				
Pass through Ohio Department of Job & Family Services				
Workforce Investment Act	48621	17.255	684,938	684,938
Pass through Ohio Department of Employment Services				
Training Readjustment Act	6170	17.245	<u>29,626</u>	<u>29,626</u>
Total U.S. Department of Labor			714,564	714,564
<u>U.S. Department of Veteran's Affairs</u>				
Veteran's Rehabilitation	14923435	64.116	22,564	22,564
<u>Small Business Administration</u>				
Pass through Ohio Dept. of Development				
Small Business Administration Center	56080	59.037	<u>78,487</u>	<u>78,487</u>
Total Federal Expenditures			<u>\$ 4,400,096</u>	<u>\$ 4,400,096</u>

TERRA COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2003

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 of \$1,538,863 represents the value of new FFELs awarded during the year.

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
Terra Community College
Sandusky County
Fremont, Ohio

We have audited the financial statements of Terra Community College (the College) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 18, 2003. 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*.

However, we noted an immaterial instance of noncompliance that we have reported to management of Terra Community College in a separate letter dated September 18, 2003.

Internal Control Over Financial Reporting

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

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider 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, 2003.

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 LLC

Columbus, Ohio
September 18, 2003

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
Terra Community College
Sandusky County
Fremont, Ohio

Compliance

We have audited the compliance of Terra 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, 2003. 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, 2003.

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, 2003.

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 LLC

Columbus, Ohio
September 18, 2003

TERRA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2003

1. Summary of Auditor's Results

- a. An unqualified opinion was issued on the financial statements of Terra Community College for the year ended June 30, 2003.
- b. An unqualified opinion was issued to Terra 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 Supplemental Educational Opportunity Grant
 - 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.



**Auditor of State
Betty Montgomery**

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TERRA COMMUNITY COLLEGE

SANDUSKY 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 20, 2004**