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Washington State Community College
Washington County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2020

CPAs and business consultants
www.reacpa.com

OHIO AUDITOR OF STATE
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Board of Trustees
Washington State Community College
710 Colegate Drive
Marietta, Ohio 45750

We have reviewed the *Independent Auditor's Report* of the Washington State Community College, Washington County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Washington State Community College Bookstore – Finding for Recovery

For the period May 22, 2013 through November 4, 2015, Washington State Community College (WSCC) offered a daily book buyback program through an agreement established with the Nebraska Book Company (NBC). During the daily book buyback program, students would come to the Bookstore at any point during the term wishing to sell their textbooks. Bookstore employees would access the NBC computer system to determine the amount to pay for the textbook and pay the student in cash advanced from NBC. Periodically, Bookstore employees would ship the textbooks back to the NBC warehouse using prepaid shipping labels. When commissions were received from NBC for the book buybacks, Bookstore employees were supposed to include the commission on the daily Bookstore reconciliation, and forward the deposit to the WSCC Business Office daily. Per the agreement with NBC, commissions were supposed to be in the form of a check. Jess Raines, WSCC Vice President of Finance and Administration, was responsible for supervising the Bookstore operations, including the buyback program, cash advances and commissions received.

On November 4, 2015, while closing out the NBC account, NBC identified a cash shortage of $102 in the drawer used for the daily buyback program. We reviewed NBC Cash Advance Receipts and other Bookstore documentation and were unable to determine the cause of the drawer shortage.

We also identified 10 occasions where the commissions earned for the book buyback were paid in cash using the cash advance funds, contrary to the agreement, totaling $11,504. Jennifer Davis, Bookstore Manager, signed for $5,395 of the cash commissions and Angel Shriver (Bauerbach), Assistant Bookstore Manager, signed for $402. The remaining $5,707 did not indicate who received the cash from the NBC representative. However, the cash was not documented on the Bookstore's daily reconciliation or included within the Bookstore's deposit. According to the former Bookstore employees, the cash was used to purchase textbooks from students that WSCC would be using in the next term. Bookstore employees allegedly prepared documentation to track and monitor the cash; however, no documentation was provided to support that the cash was tracked and used appropriately.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against Jess Raines, Jennifer Davis, and Angel Shriver totaling $5,809, $5,395, and $402 respectively, in favor of Washington State Community College.

Under Ohio law all public officials are liable for all public money received or collected by them or their subordinates under color of office. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property being fraudulently obtained by another, converted, misappropriated, lost or stolen. *Seward v. National Surety Corp.*, supra at 49.

Because Jess Raines was ultimately responsible for supervising the Bookstore operations in his capacity as Vice President of Finance and Administration and in accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued in the amount of $5,797 against Jess Raines, jointly and severally, in favor of Washington State Community College.

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.

Keith Faber
Auditor of State
Columbus, Ohio

February 11, 2021

WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO
JUNE 30, 2020

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October 14, 2020

Board of Trustees
Washington State Community College
Washington County, Ohio
710 Colegate Drive
Marietta, OH 45750

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Washington State Community College, Washington County, Ohio (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, during fiscal year 2021, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the College. We did not modify our opinion regarding this matter.

Other Matters

The financial statements of the College as of the year ended June 30, 2019, were audited by other auditors whose report dated October 11, 2019, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions–Pension, the Schedule of the College's Proportionate Share of the Net OPEB Liability/(Asset)* and *the Schedule of the College's Contributions-OPEB* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Marietta, Ohio

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, 2020 and June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The College's financial statements for fiscal year 2020 reported net position of $13,315,230. The College's financial statements for fiscal year 2019 reported net position of $13,268,509.

The College's enrollment in fiscal year 2020 increased by approximately 4.8% in Full-time Equivalent (FTE) from the previous year. The total FTE for fiscal year 2020, as reported to the Ohio Department of Higher Education, was 1,199.7, up from 1,144.9 reported for fiscal year 2019. The College's enrollment in fiscal year 2019 decreased by approximately 0.5% in Full-time Equivalent (FTE) from the previous year. The total FTE for fiscal year 2019, as reported to the Ohio Department of Higher Education, was 1,144.9, down from 1,151.1 reported for fiscal year 2018.

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).

One of the most important questions asked about College finances is whether the College is better off as a result of the year's activities. One key to answering this question is the financial statements of the College. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows present financial information on the College, in a format similar to that used by corporations, and present a long-term view of the College's finances. The College's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows) are one indicator of the College's financial health. Over time, increases or decreases in net position are an indicator of the improvement or erosion of the College's financial health, when considered in conjunction with non-financial facts such as enrollment levels and conditions of facilities.

The Statement of Net Position includes all assets and deferred outflows, and liabilities and deferred inflows. 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 Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. GASB 35 requires state appropriations to be classified as non-operating revenues. Accordingly, the College will generate a net operating loss prior to the addition of non-operating revenues. 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.

Another 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, financing and investing activities.

Condensed Financial Information

Statement of Net Position (in thousands)

	2020	2019	2018
Assets			
Current assets	$ 12,773	$ 13,203	$ 12,426
Non-Current Assets			
Net OPEB Asset	518	515	0
Capital Assets, Net	15,209	15,428	14,417
Total Assets	28,500	29,146	26,843
Deferred Outflows of Resources			
Pension	1,926	2,485	3,237
OPEB	227	128	107
Total Deferred Outflows of Resources	2,153	2,613	3,344
Liabilities			
Current Liabilities	3,224	4,060	3,496
Non-Current Liabilities	11,863	11,590	14,317
Total Liabilities	15,087	15,650	17,813
Deferred Inflow of Resources			
Pension	1,049	1,658	1,552
OPEB	1,202	1,183	432
Total Deferred Inflows of Resources	2,251	2,841	1,984
Net Position			
Net Investment in Capital Assets	15,209	15,428	14,417
Restricted			
Expendable	325	558	845
Unrestricted	(2,219)	(2,717)	(4,872)
Total Net Position	$ 13,315	$ 13,269	$ 10,390

A review of the College's Statement of Net Position at June 30, 2020 shows that the College continues to maintain a strong financial position.

Assets and Deferred Outflows

As of June 30, 2020, the College's total assets and deferred outflows amount to $30,653,174. Investment in capital assets, net of depreciation, represented the College's largest asset, totaling $15,209,162 or 50% of total assets and deferred outflows. Cash and cash equivalents represented the next largest asset, totaling $8,859,861 or 29% of total assets and deferred outflows, followed by accounts receivable, net of allowance for doubtful accounts, representing $3,721,582 or 12% of total assets and deferred outflow. As of June 30, 2019, the College's total assets and deferred outflows amount to $31,759,829. Investment in capital assets, net of depreciation, represented the College's largest asset, totaling $15,428,181 or 49% of total assets and deferred outflows. Cash and cash equivalents represented the next largest asset, totaling $8,681,946 or 27% of total assets and deferred outflows, followed by accounts receivable, net of allowance for doubtful accounts, representing $4,335,656 or 14% of total assets and deferred outflows.

Total assets decreased in fiscal year 2020 primarily due to a decrease of $614,074 in accounts receivable. As a result of COVID-19 and the uncertainty it caused, fall 2020 registrations were down significantly which cause accounts receivable to decrease from prior year. In addition, grants receivable also decreased due to the expiration of a few grants and timing issues with expenses and draw down requests.

Liabilities and Deferred Inflows of Resources

At June 30, 2020, the College's liabilities and deferred inflows totaled $17,337,944. The College's net pension liability and net OPEB liability represent $11,496,857 or 66% of total liabilities and deferred inflows of resources. Accounts payable, accrued liabilities, deposits and deferred student tuition and fees represented $3,084,068 or 18% of total liabilities and deferred inflows of resources. At June 30, 2019, the College's liabilities and deferred inflows totaled $18,491,320. The College's net pension liability and net OPEB liability represent $11,351,056 or 61% of total liabilities and deferred inflows of resources. Accounts payable, accrued liabilities, deposits and deferred student tuition and fees represented $3,891,235 or 21% of total liabilities and deferred inflows of resources.

Total current liabilities decreased in fiscal year 2020 by $835,832. As noted above in the decrease in assets, this decrease was also primarily attributable to COVID-19 and the College's subsequent response to the pandemic. With staff working remotely there was very little purchasing occurring in June, which caused accounts payable to decrease significantly.

There were significant changes in Net Pension Liabilities, Net OPEB Liabilities and Assets in both fiscal year 2019 and 2020. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the College's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred inflows/outflows and Net Pension Liabilities, Net OPEB Liabilities and Assets and are described in more detail in the accompanying notes.

Net Position

Net position at June 30, 2020 totaled $13,315,230. Net investment in capital assets totaled $15,209,162 of total net position. Net position at June 30, 2019 totaled $13,268,509. Net investment in capital assets totaled $15,428,181 of total net position.

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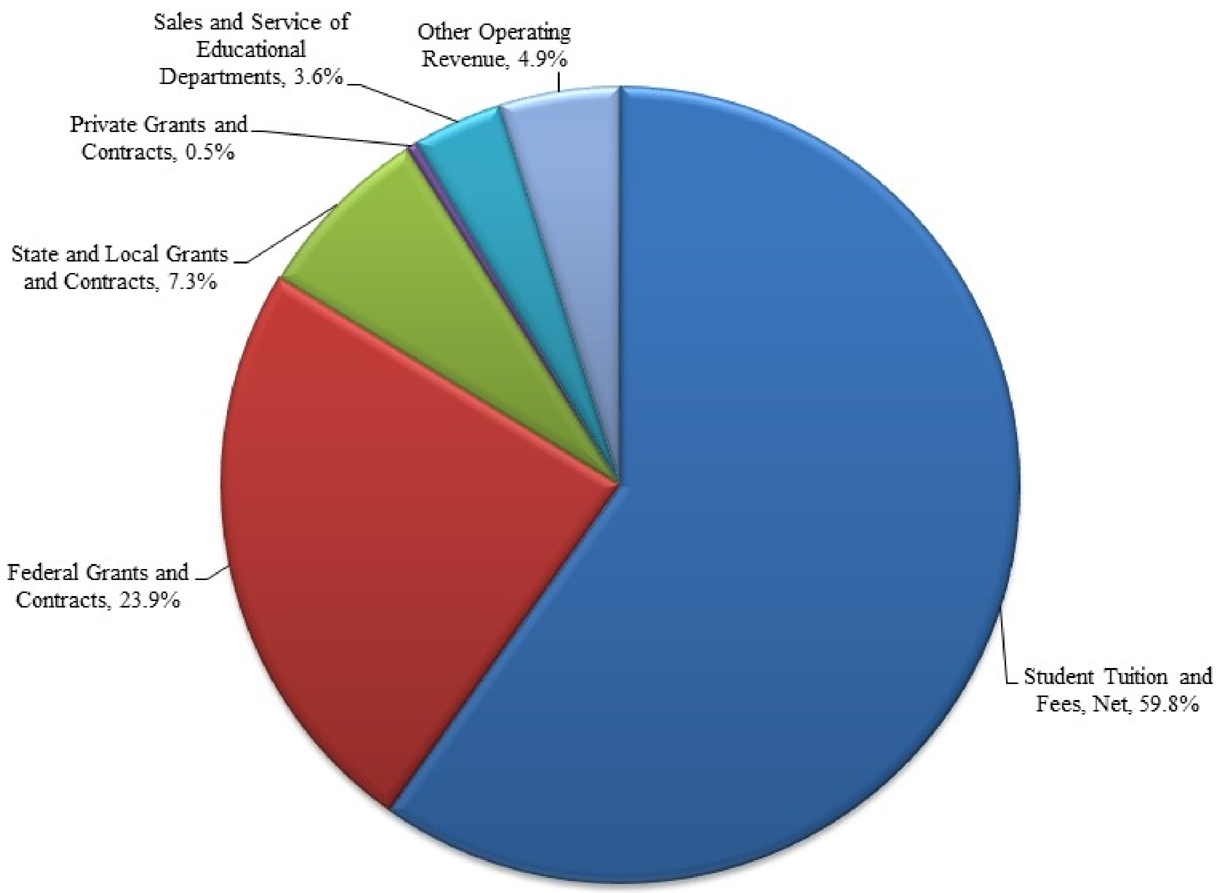
Statement of Revenues, Expenses, and Changes in Net Position (in thousands)

	2020	2019	2018
Operating Revenues			
Student Tuition and Fees, Net	$ 3,258	$ 3,389	$ 3,470
Grants and Contracts	1,724	1,830	1,683
Sales and Service	198	190	236
Other Operating Revenue	266	363	355
Total Operating Revenues	5,446	5,772	5,744
Operating Expenses			
Educational and General	12,059	10,633	8,193
Depreciation and Amortization	874	860	851
Scholarships and Fellowships	1,525	900	0
Total Operating Expenses	14,458	12,393	9,044
Operating Loss	(9,012)	(6,621)	(3,300)
NONOPERATING REVENUES			
State Appropriations	5,519	5,493	5,320
Pell Grant Awards	2,712	2,363	2,190
Investment Income	163	123	79
Total Non-Operating Revenues	8,394	7,979	7,589
Income (Loss) Before Other Revenues Expenses, Gains, and Losses	(618)	1,358	4,289
Capital Appropriations	664	1,521	402
Increase (Decrease) in Net Position	46	2,879	4,691
Beginning Net Position	13,269	10,390	5,699
Ending Net Position	$ 13,315	$ 13,269	$ 10,390

Operating Revenues

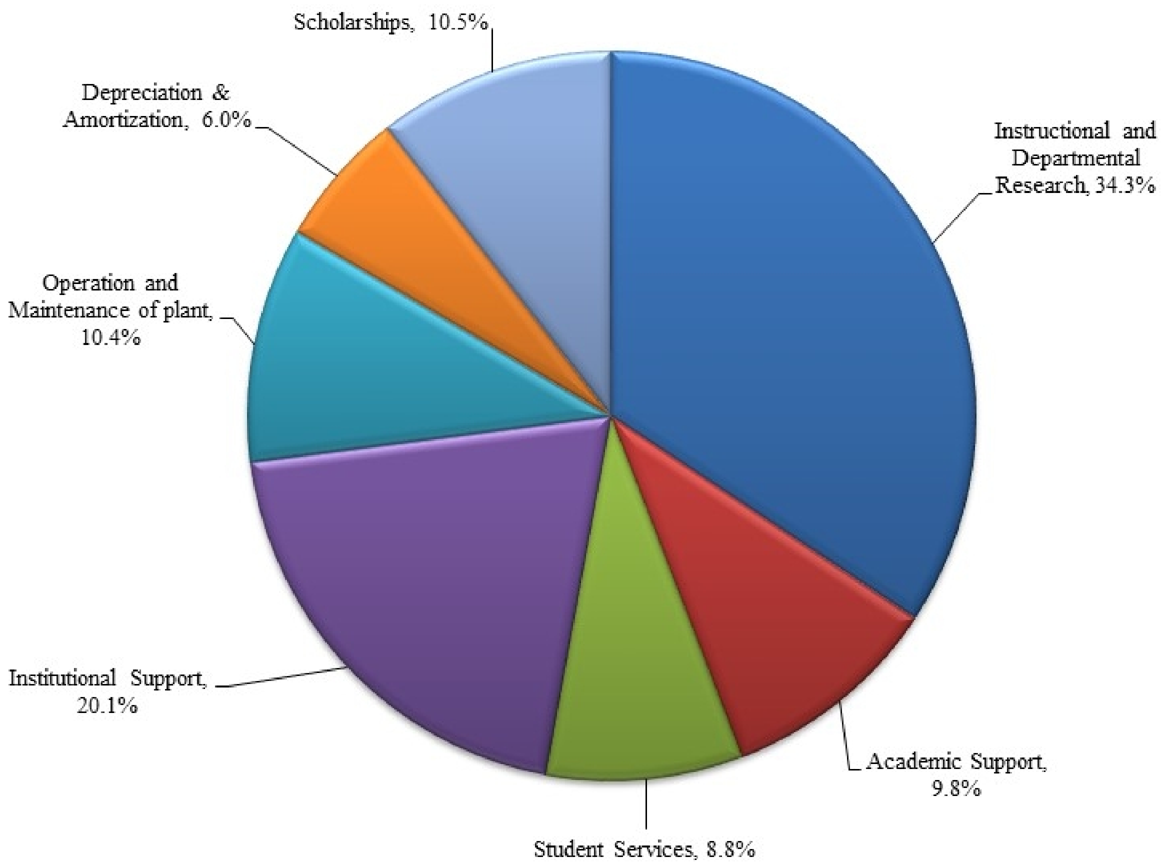


Total operating revenues were $5,445,840 for the year ended June 30, 2020. The most significant sources of operating revenue for the College are student tuition and fees, net of scholarship and allowance (60%) and federal grants and contracts (24%). Total operating revenues were $5,772,425 for the year ended June 30, 2019. The most significant sources of operating revenue for the College are student tuition and fees, net of scholarship and allowance (59%) and federal grants and contracts (18%).

In 2020, there was a decrease of $369,573 in state and local operating revenues. This decrease was primarily caused by a shift in regional centers for the tech prep program. Operating Federal Grants and Contracts revenues increased by $262,511 and this was primarily due to additional federal grants received from the CARES Act in response to COVID-19.

There are other significant recurring sources of revenues essential to the operation of the College, including state appropriations, Pell grant awards, and investment income which are considered non-operating revenues as defined by GASB 35. The College's state appropriations for the year ended June 30, 2020, amounted to $5,518,992. This represents an increase of $26,385 from the College's appropriations for the prior fiscal year. The College's state appropriations for the year ended June 30, 2019, amounted to $5,492,607. This represents an increase of $172,207 from the College's appropriations from 2018.

Operating Expenses



Operating expenses for 2020, including $874,378 of depreciation, totaled $14,457,797. As depicted in the chart above, the majority of the College's operating funds are expended directly for the primary mission of the College, instruction (34%), academic support (10%), and institutional support (20%). One of the College's core values is to provide student's access to the College with the opportunity to succeed. The College's continued investment in student financial aid programs and student support services reflects this commitment. For the year ended June 30, 2020, student financial aid related to tuition and fees totaled $2,711,963 which included scholarships and fellowships, and scholarship allowances.

In 2019, operating expenses, including $860,119 of depreciation, totaled $12,393,460. For the year ended June 30, 2019 student financial aid related to tuition and fees totaled $2,363,004 which included scholarships and fellowships, and scholarship allowances.

Overall operating expenses increased significantly in 2020. The changes in operating expenses are primarily associated with changes in the College's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Statements of Cash Flows (in thousands)

	2020	2019	2018
Net Cash Provided (Used) By:			
Operating Activities	$ (8,182)	$ (7,185)	$ (7,675)
Noncapital Financing Activities	8,231	7,856	7,510
Capital Financing Activities	(33)	(350)	(225)
Investing Activities	162	123	79
Net Increase (Decrease) in Cash	178	444	(311)
Cash, Beginning of Year	8,682	8,238	8,549
Cash, End of Year	$ 8,860	$ 8,682	$ 8,238

Another way to assess the financial health of an institution is to look at the statement of cash flows. 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:

1. the College's ability to generate future net cash flows
2. the College's ability to meet obligations as they become due and
3. the College's need for external financing

Major sources of funds included in operating activities are student tuition and fees, and grants and contracts. The largest cash payments for operating activities were to employees, for wages and benefits, and payments to suppliers and utilities.

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. Cash provided by investing activities reflects the investment return on investments.

Capital Assets

Capital assets, net of accumulated depreciation, totaled $15,209,162 at June 30, 2020, a net decrease of $219,019 from the prior year-end due to depreciation expense and disposals exceeding additions. Capital assets, net of accumulated depreciation, totaled $15,428,181 at June 30, 2019, a net increase of $1,070,738 from the prior year-end due to additions being greater than depreciation expense and disposals.

Looking Ahead

Washington State Community College remains committed to providing access to high quality, affordable education to all residents of the Mid-Ohio Valley. The College's current annual tuition and fees of $4,950 (effective Summer 2020) remains competitive among Ohio two-year colleges. 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 generally result in increased tuition levels. The State's budget bill allowed the College to increase tuition during fiscal year 2019 no more than $10 per credit hour. The College increased tuition by $10 per credit hour effective summer term 2018. The State's budget bill for fiscal year 2020 and 2021 allows the College to increase instructional and general fees up to $5 per credit hour each academic year for the biennium. The College increased tuition by $5 per credit hour effective fall 2020.

People and organizations around the world are navigating the impact of the coronavirus pandemic, with millions of cases of COVID-19 currently reported worldwide. As a result, the College anticipates some enrollment decline in the near term. Typically following a downturn in the economy the College experiences increased enrollment due to financial incentives for job training. We expect this to be in the later part of fiscal year 2021 or the early part of fiscal year 2022. The State's share of instruction (State Appropriation or subsidy) has been decreased by 4.38% so far for the first six months of fiscal year 2021. Time will tell what the future holds. The College remains mindful of the need for cost containment and efficiencies.

The College proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. However, the College faces significant cost pressures in the future. These relate to attracting and retaining high quality faculty and staff, increasing costs of health insurance, volatile energy prices and others.

Paramount to the continuing success of the College is its accreditation by the Higher Learning Commission, which was successfully reaffirmed during fiscal year 2018 and is due for renewal in fiscal year 2028.

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Washington State Community College
Washington County, Ohio
Statement of Net Position
June 30, 2020 and 2019

	2020		2019	
	Washington State Community College	Component Unit Washington State Foundation	Washington State Community College	Washington State Community College
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 8,859,861	$ 107,989	$ 8,681,946	$ 136,564
Accounts Receivable (Net of Allowance for Doubtful Accounts of $236,708 in 2020 and 2019)	3,721,582	0	4,335,656	0
Prepaid Items	191,286	0	185,775	0
Total Current Assets	12,772,729	107,989	13,203,377	136,564
Non-Current Assets:				
Investments	0	1,347,382	0	1,191,014
Net OPEB Asset	518,271	0	514,867	0
Capital Assets, Net	15,209,162	0	15,428,181	0
Total Non-Current Assets	15,727,433	1,347,382	15,943,048	1,191,014
Total Assets	28,500,162	1,455,371	29,146,425	1,327,578
Deferred Outflows of Resources				
Pension	1,925,698	0	2,485,484	0
OPEB	227,313	0	127,920	0
Total Deferred Outflows of Resources	2,153,011	0	2,613,404	0
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,235,851	17,894	1,939,230	9,066
Unearned Revenue	1,809,792	0	1,914,374	0
Deposits	38,425	0	37,631	0
Claims Payable	75,572	0	126,607	0
Compensated Absences - Current Portion	64,531	0	42,162	0
Total Current Liabilities	3,224,171	17,894	4,060,004	9,066
Non-Current Liabilities				
Net Pension Liability	10,184,340	0	9,952,932	0
Net OPEB Liability	1,312,517	0	1,398,124	0
Compensated Absences	365,677	0	238,921	0
Total Non-Current Liabilities	11,862,534	0	11,589,977	0
Total Liabilities	15,086,705	17,894	15,649,981	9,066
Deferred Inflows of Resources				
Pension	1,048,705	0	1,658,413	0
OPEB	1,202,533	0	1,182,926	0
Total Deferred Inflows of Resources	2,251,238	0	2,841,339	0
Net Position				
Net Investment in Capital Assets	15,209,162	0	15,428,181	0
Restricted for:				
Nonexpendable				
Scholarship and Fellowships	0	570,347	0	529,512
Expendable				
Scholarship and Fellowships	0	657,148	0	592,697
Capital Projects	324,689	76,645	557,593	74,353
Unrestricted	(2,218,621)	133,337	(2,717,265)	121,950
Total Net Position	$ 13,315,230	$ 1,437,477	$ 13,268,509	$ 1,318,512

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

Washington State Community College
Washington County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	2020		2019	
	Washington State Community College	Component Unit Washington State Foundation	Washington State Community College	Washington State Community College
Operating Revenues				
Student Tuition and Fees (Net of Scholarship Allowances of $1,921,384 in 2020 and $1,753,322 in 2019)	$ 3,258,066	$ 0	$ 3,388,515	$ 0
Federal Grants and Contracts	1,300,542	0	1,038,031	0
State and Local Grants and Contracts	397,689	0	767,262	0
Private Grants and Contracts	26,000	229,429	25,000	161,648
Sales and Service of Educational Departments	197,633	0	190,327	0
Other Operating Revenues	265,909	0	363,290	0
Total Operating Revenues	5,445,839	229,429	5,772,425	161,648
Operating Expenses				
Educational and General				
Instructional and Departmental Research	4,965,376	724	3,569,482	1,245
Academic Support	1,416,616	0	1,274,029	0
Student Services	1,265,282	0	1,167,031	0
Institutional Support	2,904,703	67,681	3,157,150	63,831
Operation and Maintenance of Plant	1,506,411	0	1,465,270	0
Depreciation and Amortization	874,378	0	860,119	0
Scholarships and Fellowships	1,525,030	103,315	900,379	48,870
Total Operating Expenses	14,457,796	171,720	12,393,460	113,946
Operating Income (Loss)	(9,011,957)	57,709	(6,621,035)	47,702
Non-Operating Revenues (Expense)				
State Appropriations (Subsidy)	5,518,992	0	5,492,607	0
Investment Income	163,155	61,256	122,844	79,543
Pell Grant Awards	2,711,963	0	2,363,004	0
Total Non-Operating Revenues (Expense)	8,394,110	61,256	7,978,455	79,543
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	(617,847)	118,965	1,357,420	127,245
Capital Appropriations	664,568	0	1,520,865	0
Change in Net Position	46,721	118,965	2,878,285	127,245
Net Position Beginning of Year	13,268,509	1,318,512	10,390,224	1,191,267
Net Position End of Year	$ 13,315,230	$ 1,437,477	$ 13,268,509	$ 1,318,512

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

Washington State Community College
Washington County, Ohio
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2020 and 2019

	2020		2019	
	State Community College	Unit Washington State	State Community College	State Community College
Cash Flows from Operating Activities				
Tuition and Fees	$ 3,715,050	$ 0	$ 3,295,357	$ 0
Grants and Contracts	2,241,094	229,429	$ 1,747,295	161,648
Payments to Suppliers and Utilities	(2,939,627)	(59,577)	(3,262,121)	(63,516)
Payments to Employees and Benefits	(9,769,881)	0	(8,535,682)	0
Payments for Scholarships and Fellowships	(1,522,576)	(103,315)	(900,379)	(48,870)
Other Receipts	93,543	0	470,871	0
Net Cash Provided by (Used for) Operating Activities	(8,182,397)	66,537	(7,184,659)	49,262
Cash Flows from Noncapital Financing Activities				
State Appropriations	5,518,992	0	5,492,607	0
Pell Grant Awards	2,711,963	0	2,363,004	0
Net Cash Provided by (Used for) Noncapital Financing Activities	8,230,955	0	7,855,611	0
Cash Flows from Capital and Related Financing Activities				
Capital Appropriations	621,562	0	1,283,951	0
Purchases of Capital Assets	(654,179)	0	(1,633,943)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(32,617)	0	(349,992)	0
Cash Flows from Investing Activities				
Sales (Purchases) of Investments	0	(156,368)	0	(122,022)
Interest on Investments	161,974	61,256	122,844	79,543
Net Cash Provided by (Used for) Investing Activities	161,974	(95,112)	122,844	(42,479)
Net Increase (Decrease) in Cash and Investments	177,915	(28,575)	443,804	6,783
Cash and Investments Beginning of Year	8,681,946	136,564	8,238,142	129,781
Cash and Investments End of Year	$ 8,859,861	$ 107,989	$ 8,681,946	$ 136,564
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	$ (9,011,957)	$ 57,709	$ (6,621,035)	$ 47,702
Adjustments:				
Depreciation	874,378	0	860,119	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable, Net	614,074	0	(338,449)	0
Other Assets	(5,511)	0	4,879	0
Net Pension Asset	(3,404)	0	(514,867)	0
Deferred Outflows - Pension/OPEB	460,393	0	730,129	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(660,372)	8,828	592,296	1,560
Deposits Held for Others	794	0	1,212	0
Unearned Revenue	(104,582)	0	(158,579)	0
Claims Payable	(51,035)	0	126,607	0
Compensated Absences Payable	149,125	0	15,701	0
Deferred Inflows - Pension/OPEB	(590,101)	0	857,277	0
Net Pension Liability	231,408	0	(1,334,543)	0
Net OPEB Liability	(85,607)	0	(1,405,406)	0
Net Cash Provided by (Used For) Operating Activities	$ (8,182,397)	$ 66,537	$ (7,184,659)	$ 49,262

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

Note 1 – Description of the Reporting Entity

Washington State Community College (the College) was originally chartered on September 17, 1971 as Washington Technical College by the Ohio Department of Higher Education, formerly known as 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 and began operating under its current name as a state community college. The College is a component unit of the State of Ohio, operates under an appointed Board of Trustees, and is fully accredited by the Higher Learning Commission (www.hlcommission.org).

The Washington State Community College Foundation (the Foundation) is a legally separate, tax-exempt organization supporting the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the College by donors. Based upon the provisions in Governmental Accounting Standards Board (GASB) Statement No. 14: *Reporting Entity* and subsequent amendments in GASB Statement No. 39 and GASB Statement No. 61, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Note 2 - Summary of Significant Accounting Policies

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 GASB.

GASB Statement No. 35: *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*, as amended by subsequent GASB Statements 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 position categories:

Net investment in capital assets
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 position subject to externally imposed stipulations that they be maintained permanently by the College. These include the Foundation's permanent endowment funds.

Expendable
Net position of which 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 position of which use by the College is not subject to externally imposed stipulations. Unrestricted net position 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.

The financial statement presentation required by the appropriate GASB Statement is intended to provide a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities That Uses Proprietary Fund Accounting*, the College is required to follow all applicable GASB pronouncements.

Cash and Cash Equivalents
This classification appears on the Statement of Net Position and the Statement of Cash Flows and includes petty cash and cash on deposit with private banks in checking and savings accounts.

For purposes of the statement of cash flows and for presentation of the statement of net position, investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Capital Assets
Capital assets are stated at cost at date of acquisition or, in the case of gifts, at acquisition value at date of gift. Equipment with a unit cost of $5,000 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 to 40 years for buildings and fixed equipment, and 4 to 10 years for equipment.

Investments
Investments are stated at fair value.

Accounts Receivable
Accounts receivable represents the balance of unpaid student tuition charges, federal and state grants receivable, and miscellaneous receivables owed to the College.

Allowance for Doubtful Accounts
The allowance for doubtful accounts is determined by management based on the College's historical losses, specific student circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance for specific students based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed.

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.

Operating Activities
The College defines operating activities, as reported on the Statements of Revenues, Expenses, and Changes in Net Position, as those that generally result from exchange transactions such as payments received for providing goods and services and payments made for services and good 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. In addition, the GASB Implementation Guide has indicated Pell grants should be considered non-operating revenues beginning in fiscal year 2009.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond each year end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Non-current Long-Term Liabilities
Non-current long-term liabilities include net pension liability, net other postemployment benefits liability, and compensated absences that will not be paid within the next fiscal year.

Claims Liability
The College is self-insured for certain employee health programs. A liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, is recorded.

Compensated Absences
The College has adopted GASB No. 16.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:

a. The employee's right to receive compensation is attributable to services already rendered.
b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For vacation leave the College posts a liability for 100% of accumulated vacation time.

A liability for sick leave and other compensated absences with similar characteristics (hereinafter referred to as "sick leave") should be accrued using one of the following termination approaches:

a. The sick leave liability generally would be an estimate based on governmental entity's past experience of making termination payments for sick leave, adjusted for the effects of changes in its termination payment policy and other current factors. This approach is known as the termination payment method.
b. The sick leave liability would be an accrual for those employees expected to become eligible in the near future based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is known as the vesting method.

For the sick leave liability, the College uses the vesting method. The College posts a liability for any employee with ten years of service to the College. These accumulations are reduced to the maximum amount allowed as a termination payment.

Scholarship Allowances

Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The College has recorded a scholarship allowance discount to the extent that revenues from these programs are used to satisfy tuition, fees, and other charges.

Budgetary Process

Annually, the Business Office develops a balanced budget for the College based on projected expenditures from department directors and anticipated revenue, including tuition and fees and the subsidy from the Ohio Department of Higher Education. The Board of Trustees approves the budget.

Income Taxes

Income taxes have not been provided on the general operations of the College because, as a state institution, its income is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Unearned Revenue

Unearned revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as of June 30, 2020 and 2019.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of assets by the College that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of assets by the College that is applicable to a future reporting period.

For the College, deferred outflows and inflows of resources for pensions and other postemployment benefits (OPEB) have been recorded on the statement of net position and are also explained further in Note 9 and Note 10.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Note 3 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2020, the College has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2019, the following have been implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

Note 4 - Cash, Cash Equivalents, and Investments

State statutes classify monies held by the College into three categories.

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the College treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Trustees has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing no more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the College can be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAR Ohio and STAR Plus); and
8. Certain bankers’ acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Fair Value Measurements
Statement No. 72 of the Government Accounting Standards Board ("GASB") *Fair Value Measurements and Application*, set forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the College has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the College's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the College's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the College's management. College management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment with the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to College management's perceived risk of that investment.

Cash on Hand
The College maintained cash on hand in the amount of $750 at June 30, 2020 and 2019.

Investments
As of June 30, 2020 and 2019 the College had no investments.

Custodial Credit Risk – Deposits
Custodial credit risk for deposits is the risk that in the event of bank failure, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$7,556,286 of the College's bank balance of \$8,386,287 was exposed to custodial credit risk because it was uninsured and collateralized. The College's financial institution was approved for a reduced collateral rate through the Ohio Pooled Collateral System. At June 30, 2019, \$7,714,872 of the College's bank balance of \$8,714,872 was exposed to custodial credit risk because it was uninsured and collateralized. The College's financial institution was approved for a reduced collateral rate through the Ohio Pooled Collateral System.

The College has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Note 5 - Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 2020 and 2019 are as follows:

	2020		
	Gross Receivable	Allowance	Net Receivable
Students	$ 2,407,673	$ 236,708	$ 2,170,965
Reimbursement receivable - grants and contracts	1,256,721	0	1,256,721
Other	293,896	0	293,896
Total	$ 3,958,290	$ 236,708	$ 3,721,582

	2019		
	Gross Receivable	Allowance	Net Receivable
Students	$ 2,666,224	$ 236,708	$ 2,429,516
Reimbursement receivable - grants and contracts	1,773,584	0	1,773,584
Other	132,556	0	132,556
Total	$ 4,572,364	$ 236,708	$ 4,335,656

Note 6 - Capital Assets

Capital assets as of June 30, 2020 and 2019 are summarized as follows:

	2020			
	2019	Additions	Reductions	2020
Assets:				
Land	$ 980,000	$ 0	$ 0	$ 980,000
Buildings	25,072,650	876,737	0	25,949,387
Land Improvements	3,367,335	0	0	3,367,335
Movable equipment	3,932,403	64,796	0	3,997,199
Construction In Progress	309,613	23,439	309,613	23,439
	33,662,001	964,972	309,613	34,317,360
Accumulated depreciation:				
Buildings	12,279,448	682,400	0	12,961,848
Land Improvements	3,024,621	24,829	0	3,049,450
Movable Equipment	2,929,751	167,149	0	3,096,900
	18,233,820	874,378	0	19,108,198
Capital assets, net	$ 15,428,181	$ 90,594	$ 309,613	$ 15,209,162

	2019			
	2018	Additions	Reductions	2019
Assets:				
Land	$ 980,000	$ 0	$ 0	$ 980,000
Buildings	23,897,189	1,175,461	0	25,072,650
Land Improvements	3,256,599	110,736	0	3,367,335
Movable Equipment	3,686,111	275,047	28,755	3,932,403
Construction In Progress	0	309,613	0	309,613
	31,819,899	1,870,857	28,755	33,662,001
Accumulated depreciation:				
Buildings	11,652,690	626,758	0	12,279,448
Land Improvements	2,983,980	40,641	0	3,024,621
Movable Equipment	2,765,786	192,720	28,755	2,929,751
	17,402,456	860,119	28,755	18,233,820
Capital assets, net	$ 14,417,443	$ 1,010,738	$ 0	$ 15,428,181

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2020 and 2019 are as follows:

	2020	2019
Payable to vendors and contractors	$ 480,988	$ 1,075,410
Accrued Wages and Benefits	694,224	789,859
Other Accrued Liabilities	60,639	73,961
Total	$ 1,235,851	$ 1,939,230

Note 8 - Long-Term Liabilities

The College's long-term liabilities during fiscal years 2020 and 2019 were as follows:

2020	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 281,083	$ 160,731	$ (11,606)	$ 430,208	$ 64,531
Net Pension Liability					
STRS	7,045,103	0	(125,070)	6,920,033	0
SERS	2,907,829	356,478	0	3,264,307	0
Net OPEB Liability					
STRS	0	0	0	0 (a)	0
SERS	1,398,124	0	(85,607)	1,312,517	0
Total long-term liabilities	$ 11,632,139	$ 517,209	$ (222,283)	$ 11,927,065	$ 64,531

(a) - STRS reports a Net OPEB Asset in the amount of $518,271

2019	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 265,382	$ 65,695	$ (49,994)	$ 281,083	$ 42,162
Net Pension Liability					
STRS	7,988,584	0	(943,481)	7,045,103	0
SERS	3,298,891	0	(391,062)	2,907,829	0
Net OPEB Liability					
STRS	1,312,070	0	(1,312,070)	0 (b)	0
SERS	1,491,460	0	(93,336)	1,398,124	0
Total long-term liabilities	$ 14,356,387	$ 65,695	$ (2,789,943)	$ 11,632,139	$ 42,162

(b) - STRS reports a Net OPEB Asset in the amount of $514,867

Note 9 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the College's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.
The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable and accrued liabilities*.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal years ended June 30, 2020 and 2019, the allocation to pension, death benefits, and Medicare B was 14.0 percent and 13.5 percent, respectively. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The College's contractually required contribution to SERS was $264,233 and for fiscal year 2020 and $253,468 for fiscal year 2019.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – College licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal years ended June 30, 2020 and 2019, plan members were required to contribute 14 percent of their annual covered salary. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal years 2020 and 2019 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $521,345 for fiscal year 2020 and $497,078 for fiscal year 2019.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018 and 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The College's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers.

Following is information related to the proportionate share and pension expense measured as of June 30, 2018:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05077240%	0.03204103%	
Prior Measurement Date	0.05521360%	0.03362876%	
Change in Proportionate Share	-0.00444120%	-0.00158773%	
Proportionate Share of the Net Pension Liability	$ 2,907,829	$ 7,045,103	$ 9,952,932
Pension Expense	$ (110,047)	$ 383,739	$ 273,692

Following is information related to the proportionate share and pension expense measured as of June 30, 2019:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05455810%	0.03129198%	
Prior Measurement Date	0.05077240%	0.03204103%	
Change in Proportionate Share	0.00378570%	-0.00074905%	
Proportionate Share of the Net Pension Liability	$ 3,264,307	$ 6,920,033	$ 10,184,340
Pension Expense	$ 279,036	$ 688,028	$ 967,064

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the College's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2019 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 159,476	$ 162,623	$ 322,099
Changes of Assumptions	65,665	1,248,525	1,314,190
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	1,194	97,455	98,649
College Contributions Subsequent to the Measurement Date	253,468	497,078	750,546
Total Deferred Outflows of Resources	$ 479,803	$ 2,005,681	$ 2,485,484
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 46,009	$ 46,009
Net Difference between Projected and Actual Earnings on Pension Plan Investments	80,568	427,207	507,775
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	442,950	661,679	1,104,629
Total Deferred Inflows of Resources	$ 523,518	$ 1,134,895	$ 1,658,413

At June 30, 2020 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 82,776	$ 56,341	$ 139,117
Changes of Assumptions	0	812,891	812,891
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	123,142	64,970	188,112
College Contributions Subsequent to the Measurement Date	264,233	521,345	785,578
Total Deferred Outflows of Resources	$ 470,151	$ 1,455,547	$ 1,925,698

Deferred Inflows of Resources	SERS	STRS	Total
Differences between Expected and Actual Experience	$ 0	$ 29,955	$ 29,955
Net Difference between Projected and Actual Earnings on Pension Plan Investments	41,901	338,215	380,116
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	130,290	508,344	638,634
Total Deferred Inflows of Resources	$ 172,191	$ 876,514	$ 1,048,705

$785,578 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 44,551	$ 167,412	$ 211,963
2022	(31,798)	22,195	(9,603)
2023	(2,790)	(140,150)	(142,940)
2024	23,764	8,231	31,995
	$ 33,727	$ 57,688	$ 91,415

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018 and 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

Fiscal Year 2019	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 4,095,897	$ 2,907,829	$ 1,911,714

Fiscal Year 2020	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 4,574,461	$ 3,264,307	$ 2,165,579

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018 and 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 and 2019 valuations, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018 and 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018 and 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018 and 2019.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the College's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

Fiscal Year 2019	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 10,288,446	$ 7,045,103	$ 4,300,054

Fiscal Year 2020	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 10,112,859	$ 6,920,033	$ 4,217,144

Note 10 – Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.
Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years 2019 and 2020, this amount was \$21,600 and \$19,600, respectively. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the College's surcharge obligation was \$4,968 and \$14,425 for fiscal year 2019.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$4,968 for fiscal year 2020 and \$23,813 for fiscal year 2019. Of these amounts, \$4,968 is reported as accounts payable and accrued liabilities for 2020 and \$14,425 for 2019.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2019 and 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2018 and 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability (asset) was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense measured as of June 30, 2018:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.05039610%	0.03204103%	
Prior Measurement Date	0.05557400%	0.03362876%	
Change in Proportionate Share	-0.00517790%	-0.00158773%	
Proportionate Share of the Net			
OPEB Liability (Asset)	$ 1,398,124	$ (514,867)	
OPEB Expense	$ (19,433)	$ (1,147,308)	$ (1,166,741)

Following is information related to the proportionate share and OPEB expense measured as of June 30, 2019:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.05219200%	0.03129200%	
Prior Measurement Date	0.05039600%	0.03204100%	
Change in Proportionate Share	0.00179600%	-0.00074900%	
Proportionate Share of the Net			
OPEB Liability (Asset)	$ 1,312,517	$ (518,271)	
OPEB Expense	$ (21,320)	$ (142,509)	$ (163,829)

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 22,822	$ 60,137	$ 82,959
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	0	21,148	21,148
College Contributions Subsequent to the Measurement Date	23,813	0	23,813
Total Deferred Outflows of Resources	$ 46,635	$ 81,285	$ 127,920

Deferred Inflows of Resources	SERS	STRS	Total
Differences between Expected and Actual Experience	$ 0	$ 29,998	$ 29,998
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,098	58,819	60,917
Changes of Assumptions	125,611	701,547	827,158
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	208,274	56,579	264,853
Total Deferred Inflows of Resources	$ 335,983	$ 846,943	$ 1,182,926

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 19,266	$ 46,986	$ 66,252
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,152	0	3,152
Changes of Assumptions	95,864	10,894	106,758
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	29,266	16,917	46,183
College Contributions Subsequent to the Measurement Date	4,968	0	4,968
Total Deferred Outflows of Resources	$ 152,516	$ 74,797	$ 227,313

Deferred Inflows of Resources	SERS	STRS	Total
Differences between Expected and Actual Experience	$ 288,351	$ 26,367	$ 314,718
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	32,551	32,551
Changes of Assumptions	73,551	568,224	641,775
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	139,281	74,208	213,489
Total Deferred Inflows of Resources	$ 501,183	$ 701,350	$ 1,202,533

$4,968 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (128,178)	$ (134,085)	$ (262,263)
2022	(57,224)	(134,085)	(191,309)
2023	(56,298)	(121,037)	(177,335)
2024	(56,449)	(116,467)	(172,916)
2025	(41,190)	(117,862)	(159,052)
Thereafter	(14,296)	(3,017)	(17,313)
	$ (353,635)	$ (626,553)	$ (980,188)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

Fiscal Year 2019	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 1,593,149	$ 1,398,124	$ 1,089,385

Fiscal Year 2019	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 1,051,594	$ 1,398,124	$ 1,658,704

Fiscal Year 2020	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 1,593,149	$ 1,312,517	$ 1,089,385

Fiscal Year 2020	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 1,051,594	$ 1,312,517	$ 1,658,704

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Health Care Cost Trend Rates	-5.23 percent to 9.62 percent, initial, 4.00 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.
The actuarial assumptions used in the June 30, 2019 ad 2018 valuations, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

Fiscal Year 2019	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (442,241)	$ (514,867)	$ (582,194)

Fiscal Year 2019	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (587,695)	$ (514,867)	$ (433,242)

Fiscal Year 2020	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (442,241)	$ (518,271)	$ (582,194)

Fiscal Year 2020	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (587,695)	$ (518,271)	$ (433,242)

Note 11 - Operating Expenses by Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Salaries and wages	$ 7,240,219	$ 6,021,654
Employee benefits	2,582,519	1,149,731
Utilities	209,227	229,508
Supplies and other services	2,028,878	3,232,069
Depreciation	874,378	860,119
Student scholarships and financial aid	1,522,576	900,379
	$ 14,457,797	$ 12,393,460

Note 12 - Risk Management

Comprehensive

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 Markel Insurance Company and United Educators Insurance Company for general liability insurance. Property insurance, including boiler and machinery coverage, is contracted with Lexington Insurance Company through the Midwestern Higher Education Compact. The College has not had a significant reduction in coverage from the prior year.

Vehicles are covered by Markel Insurance Company and hold a $500 deductible. Automobile liability coverage has a $1,000,000 limit for collision and a $1,000,000 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.

The College contracts with the Jefferson Health Plan for hospitalization and major medical, CoreSource for dental insurance and Vision Service Plan for vision insurance. The College pays 80 percent of the total monthly premiums for dental and vision coverages and the employee pays for the remaining 20 percent. The College pays 50 percent, 80 percent, or 90 percent of the total monthly premiums for hospitalization and major medical and the employees pay the remaining 50 percent, 20 percent, or 10 percent depending on level of benefit chosen. 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.

Medical Self-Insurance

Effective January 1, 2019, medical insurance is offered to employees through a self-insurance plan. The College is a member of the Jefferson Health Plan, Health Benefits Program, a risk and cost saving pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the College's behalf. The claims liability of $75,572 reported in the financial statements at June 30, 2020 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by

GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past fiscal year is as follows:

Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2020	$ 126,607	$ 1,333,498	$ 1,384,533	$ 75,572
2019	0	866,468	739,861	126,607

Note 13 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Due to the dynamic environment and changes in fiscal policies, the exact impact on the College's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Note 14 – Component Unit Disclosures

The Washington State Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of Washington State Community College (College).

The accompanying financial statements of the Foundation have been prepared in accordance with pronouncements of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) No. 958 *Not-For-Profit Entities*. Under ASC No. 958 the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions
Net assets that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

With Donor Restrictions
Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received.

Equity in Pooled Cash and Cash Equivalents and Investments

Deposits
Custodial credit risk is the risk of the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party in the event of a depository financial institution or counterparty failure to a transaction. The Foundation has not established a policy for deposits at this time.

As of June 30, 2020, the carrying amount of the Foundation's deposits was $107,989 and was covered by FDIC.

As of June 30, 2019, the carrying amount of the Foundation's deposits was $136,564 and the bank balance of $135,714 was covered by FDIC.

Investments
Foundation investments are stated at fair value with changes in market value being recognized as gains and losses during the period in which they occur. The following summarizes the fair value of investments of the Foundation as of June 30, 2020 and 2019:

Investment Type	2020 Fair Value	2019 Fair Value
Money Market Funds	$ 77,503	$ 50,849
Equities	876,315	773,527
Fixed Income	393,564	366,638
	$ 1,347,382	$ 1,191,014

As defined in FASB ASC 820, fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1
Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2
Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3
Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

Equities are deemed level 1 inputs and money market and fixed income are deemed level 2 inputs.

Net Assets with Donor Restrictions
Net assets with donor restrictions are available for the following purposes or periods:

	2020	2019
Time/Purpose Restricted	$ 733,793	$ 667,050
Donor Restricted Endowment	570,347	529,512
Total	$ 1,304,140	$ 1,196,562

Donor-Restricted Endowment Fund
The Foundation's endowment fund was established to support Washington State Community College. The contributions to the endowment fund contain donor restrictions that stipulate the original principal is to be held and invested by the Foundation indefinitely, and income from the fund is to be expended for support. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence of donor imposed restrictions.
Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose or time restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purposes of the organization and the donor-restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the organization
g. The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation had no such deficiencies as of June 30, 2020 and June 30, 2019.

The changes in endowment net assets for the years ending June 30, 2020 and 2019 are as follows:

	2020	2019
Endowment Net Assets, Beginning of Year	$ 529,512	$ 474,503
Contributions	40,835	55,009
Investment Return Net	42,933	59,319
Amounts Appropriated for Expenditure	(42,933)	(59,319)
Endowment Net Assets, End of Year	$ 570,347	$ 529,512

Support Provided to the College

During the years ended June 30, 2020 and 2019 the Foundation provided resources of $134,157, and $51,836, respectively, to or on behalf of the College for scholarships and other purposes.

Liquidity and Availability of Financial Assets

The following reflect the Foundation's financial assets as of the June 30, 2020 and June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial statement date.

	2020	2019
Cash and Cash Equivalents	$ 107,989	$ 136,564
Investments	1,347,382	1,191,014
	1,455,371	1,327,578
Less Amounts Unavailable for General Expenditures Within One Year, Due To:		
Donor-Restricted Purpose or Time	733,793	667,050
Donor-Restricted to Maintain as an Endowment	570,347	529,512
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 151,231	$ 131,016

As part of the Foundation's liquidity management, the Foundation invests cash in excess of requirements in various types of investments.

Expense Disclosures

		Supporting Activities			
2020	Program	Management and General	Fund-Raising	Total	Total Expenses
Scholarships	$ 103,315	$ 0	$ 0	$ 0	$ 103,315
Grant-Related	35,426	0	0	0	35,426
Student-Related	8,890	0	0	0	8,890
Contracted Services	0	22,041	0	22,041	22,041
Events	0	2,048	0	2,048	2,048
Total Expenses	$ 147,631	$ 24,089	$ 0	$ 24,089	$ 171,720

Some categories of expense are attributable to more than one activity and require allocation, applied on a consistent basis. Other expenses are assigned directly to specific activities as expenditures are made.

		Supporting Activities			
2019	Program	Management and General	Fund-Raising	Total	Total Expenses
Scholarships	$ 48,870	$ 0	$ 0	$ 0	$ 48,870
Grant-Related	28,250	0	0	0	28,250
Student-Related	15,216	0	0	0	15,216
Contracted Services	0	9,368	0	9,368	9,368
Computer Services	0	7,506	0	7,506	7,506
Events	0	2,784	1,073	3,857	3,857
Other	0	708	171	879	879
Total Expenses	$ 92,336	$ 20,366	$ 1,244	$ 21,610	$113,946

New Accounting Principle

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers, as amended*, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10)*. As of July 1, 2019, the Foundation adopted ASU No. 2016-01, which changes the accounting for certain equity investments, financial liabilities under the fair value option, and presentation and disclosure requirements for financial instruments. This standard was adopted retrospectively and did not have a material impact on the Foundation's financial statements.

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Washington State Community College
Washington County, Ohio
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years (1)

	2020	2019	2018	2017
School Employees Retirement System (SERS)				
College's Proportion of the Net Pension Liability	0.05455810%	0.05077240%	0.05521360%	0.06164840%
College's Proportionate Share of the Net Pension Liability	$ 3,264,307	$ 2,907,829	$ 3,298,891	$ 4,512,094
College's Covered Payroll	$ 1,877,541	$ 1,736,193	$ 1,690,957	$ 2,200,850
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.86%	167.48%	195.09%	205.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%
State Teachers Retirement System (STRS)				
College's Proportion of the Net Pension Liability	0.03129198%	0.03204103%	0.03362876%	0.03307519%
College's Proportionate Share of the Net Pension Liability	$ 6,920,033	$ 7,045,103	$ 7,988,584	$ 11,071,263
College's Covered Payroll	$ 3,550,557	$ 3,527,793	$ 3,475,757	$ 3,616,936
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.90%	199.70%	229.84%	306.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2016	2015	2014
0.07165040%	0.07100100%	0.07100100%
$ 4,088,441	$ 3,593,320	$ 4,223,467
$ 2,291,070	$ 2,083,990	$ 1,946,503
178.45%	172.43%	216.98%
69.16%	71.70%	65.52%
0.03695785%	0.03704419%	0.03704419%
$ 10,114,575	$ 9,010,429	$ 10,704,259
$ 3,591,036	$ 4,076,038	$ 4,069,423
281.66%	221.06%	263.04%
72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Washington State Community College
Washington County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - Pension
Last Nine Fiscal Years(1)

	2020	2019	2018	2017	2016
School Employees Retirement System (SERS)					
Contractually Required Contribution	$ 264,233	$ 253,468	$ 234,386	$ 236,734	$ 308,119
Contributions in Relation to the Contractually Required Contribution	(264,233)	(253,468)	(234,386)	(236,734)	(308,119)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,957,281	$ 1,877,541	$ 1,736,193	$ 1,690,957	$ 2,200,850
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	13.50%	14.00%	14.00%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 521,345	$ 497,078	$ 493,891	$ 486,606	$ 506,371
Contributions in Relation to the Contractually Required Contribution	(521,345)	(497,078)	(493,891)	(486,606)	(506,371)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 3,723,893	$ 3,550,557	$ 3,527,793	$ 3,475,757	$ 3,616,936
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2012 is not available

See accompanying notes to the required supplementary information.

2015		2014		2013		2012	
$	301,963	$	288,841	$	269,396	$	318,903
	(301,963)		(288,841)		(269,396)		(318,903)
$	0	$	0	$	0	$	0
$	2,291,070	$	2,083,990	$	1,946,503	$	2,371,026
	13.18%		13.86%		13.84%		13.45%
$	502,745	$	529,885	$	529,025	$	589,842
	(502,745)		(529,885)		(529,025)		(589,842)
$	0	$	0	$	0	$	0
$	3,591,036	$	4,076,038	$	4,069,423	$	4,537,246
	14.00%		13.00%		13.00%		13.00%

See accompanying notes to the required supplementary information.

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Washington State Community College
Washington County, Ohio
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability/(Asset)
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School Employees Retirement System (SERS)				
College's Proportion of the Net OPEB Liability	0.05219200%	0.05039610%	0.05557400%	0.06153646%
College's Proportionate Share of the Net OPEB Liability	$ 1,312,517	$ 1,398,124	$ 1,491,460	$ 1,754,017
College's Covered Payroll	$ 1,877,541	$ 1,736,193	$ 1,690,957	$ 2,200,850
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	69.91%	80.53%	88.20%	79.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)				
College's Proportion of the Net OPEB Liability/(Asset)	0.03129200%	0.03204103%	0.03362876%	0.03307519%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (518,271)	$ (514,867)	$ 1,312,070	$ 1,768,870
College's Covered Payroll	$ 3,550,557	$ 3,527,793	$ 3,475,757	$ 3,616,936
College's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.60%	-14.59%	37.75%	48.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Washington State Community College
Washington County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - OPEB
Last Five Fiscal Years (2)

	2020	2019	2018	2017	2016
School Employees Retirement System (SERS)					
Contractually Required Contribution (1)	$ 4,968	$ 23,813	$ 30,966	$ 28,184	$ 28,131
Contributions in Relation to the Contractually Required Contribution	(4,968)	(23,813)	(30,966)	(28,184)	(28,131)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,957,281	$ 1,877,541	$ 1,736,193	$ 1,690,957	$ 2,200,850
OPEB Contributions as a Percentage of Covered Payroll (1)	0.25%	1.27%	1.78%	1.67%	1.28%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 3,723,893	$ 3,550,557	$ 3,527,793	$ 3,475,757	$ 3,616,936
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge
(2) Information prior to 2012 is not available

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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Rea & associates a brighter way

October 14, 2020

Board of Trustees
Washington State Community College
Washington County, Ohio
710 Colegate Drive
Marietta, OH 45750

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the 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, the financial statements of the business-type activities and the discretely presented component unit of Washington State Community College, Washington County, Ohio (the "College"), a component unit of the State of Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 14, 2020, in which we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the College.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Marietta, Ohio

WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO

SINGLE AUDIT REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Rea & associates

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WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO
JUNE 30, 2020

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Rea & associates a brighter way

January 28, 2021

Board of Trustees
Washington State Community College
Washington County, Ohio
710 Colegate Drive
Marietta, OH 45750

Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Washington State Community College's, Washington County, Ohio (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. 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*.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the business-type activities and the discretely-presented component unit of Washington State Community College, Washington County, Ohio ("College") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our unmodified report thereon dated October 14, 2020, except for our opinion on the Schedule of Expenditures of Federal Awards, for which the date is January 28, 2021. Our opinion on the financial statements noted financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the College. We conducted our audit to opine on the College's basic financial statements as a whole. We have not performed any procedures to the audited financial statements subsequent to October 14, 2020. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

Marietta, Ohio

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WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures	Passed Through to Subreceipients
U.S. Department of Education				
Direct Awards				
Student Financial Aid Cluster:				
Federal Pell Grant	84.063		$ 2,711,963	$ 0
Federal Work Study	84.033		43,031	0
Federal SEOG Grant	84.007		58,762	0
Federal Direct Student Loans (Note 2)	84.268		2,478,974	0
Total Student Financial Aid Cluster			5,292,730	0
TRIO Cluster:				
Educational Talent Search	84.044		410,812	0
Upward Bound	84.047		282,492	0
Total TRIO Cluster			693,304	0
Education Stabilzation Fund - Higher Education Emergency Relief Fund	84.425E		405,143	0
Passed Through Ohio Department of Education				
Vocational Education - Basic Grants to States	84.048	064345-20C3-2011	94,682	0
Total U.S. Department of Education			6,485,859	0
U.S. Department of Agriculture				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Summer Food Program	10.559		4,916	0
Total Child Nutrition Cluster			4,916	0
Total U.S. Department of Agriculture			4,916	0
U.S. Department of Labor				
Passed through Ohio Department of Jobs and Family Services				
Apprenticeship Grant - State Expansion Grant	17.285	AP-30104-16-60-A-39	21,201	0
Total U.S. Department of Labor			21,201	0
Total Federal Awards			$ 6,511,976	$ 0

See accompanying notes to the schedule of expenditures of federal awards.

Washington State Community College
Washington County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(B)(6)
For Fiscal Year Ended June 30, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Washington State Community College (the College) includes the federal award activity of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The College did not elect to use the 10- percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL DIRECT LOAN PROGRAM

The College participates in the William D. Ford Federal Direct Loan Program. The College originates the loans which are then funded through the U.S. Department of Education.

Federal Subsidized Loans	$ 1,054,665
Federal Unsubsidized Loans	1,424,309
Total Federal Direct Student Loans	$ 2,478,974

Washington State Community College
Washington County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Student Financial Assistance Cluster: Federal Pell Grant Federal Work Study Supplemental Educational Opportunity Grant Federal Direct Student Loans Education Stabilization Fund – Higher Education Emergency Relief Fund	CFDA #'s: 84.063 84.033 84.007 84.268 84.425E
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

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OHIO AUDITOR OF STATE
KEITH FABER

WASHINGTON STATE COMMUNITY COLLEGE

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/25/2021