

WASHINGTON STATE COMMUNITY COLLEGE



Washington County, Ohio

Basic Financial Statements

June 30, 2019

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Washington State Community College
710 Colegate Drive
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We have reviewed the *Independent Auditor's Report* of the Washington State Community College, Washington County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 5, 2019

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WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Washington State Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington State Community College, Washington County, Ohio, (the College) a component unit of the State of Ohio, and the discretely presented component unit, as of and for the years ended June 30, 2019 and 2018, 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 College, and the discretely presented component unit, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and other postemployment benefit information 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 11, 2019, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the College's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2019

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, 2019 and June 30, 2018. 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 2019 reported net position of \$13,268,509. The College's financial statements for fiscal year 2018 reported net position of \$10,390,224.

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. The College's enrollment in fiscal year 2018 increased by approximately 4.7% in Full-time Equivalent (FTE) from the previous year. The total FTE for fiscal year 2018, as reported to the Ohio Department of Higher Education, was 1,151.1, up from 1,099.6 reported for fiscal year 2017.

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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets	\$13,203	\$12,426	\$12,271
Noncurrent assets			
Net other postemployment benefits asset	515	0	0
Capital assets, net	<u>15,428</u>	<u>14,417</u>	<u>14,643</u>
Total assets	<u>29,146</u>	<u>26,843</u>	<u>26,914</u>
Deferred Outflows of Resources			
Other postemployment benefits	128	107	0
Pension	<u>2,485</u>	<u>3,237</u>	<u>2,844</u>
Total deferred outflows of resources	<u>2,613</u>	<u>3,344</u>	<u>2,844</u>
Liabilities			
Current liabilities	4,060	3,496	3,440
Non-current liabilities	<u>11,590</u>	<u>14,317</u>	<u>15,793</u>
Total liabilities	<u>15,650</u>	<u>17,813</u>	<u>19,233</u>
Deferred Inflows of Resources			
Other postemployment benefits	1,183	432	1,300
Pension	<u>1,658</u>	<u>1,552</u>	<u>0</u>
Total deferred inflows of resources	<u>2,841</u>	<u>1,984</u>	<u>1,300</u>
Net Position			
Net investment in capital assets	15,428	14,417	14,643
Restricted			
Expendable	558	845	1,058
Unrestricted	<u>(2,717)</u>	<u>(4,872)</u>	<u>(6,477)</u>
Total net position	<u>\$13,269</u>	<u>\$10,390</u>	<u>\$9,224</u>

A review of the College's Statement of Net Position at June 30, 2019 shows that the College continues to maintain a strong financial position.

Assets and Deferred Outflows

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 30% of total assets, followed by accounts receivable, net of allowance for doubtful accounts, representing \$4,335,656 or 15% of total assets. As of June 30, 2018, the College's total assets and deferred outflows amount to \$30,186,979. Investment in capital assets, net of depreciation, represented the College's largest asset, totaling \$14,417,443 or 48% of total assets and deferred outflows. Cash and cash equivalents represented the next largest asset, totaling \$8,238,142 or 31% of total assets, followed by accounts receivable, net of allowance for doubtful accounts, representing \$3,997,207 or 15% of total assets.

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. At June 30, 2018, the College's liabilities and deferred inflows totaled \$19,796,755. The College's net pension liability and net OPEB liability represent \$14,091,005 or 71% of total liabilities and deferred inflows of resources. Accounts payable, accrued liabilities, deposits and deferred student tuition and fees represented \$3,456,306 or 17% of total liabilities and deferred inflows of resources.

Net Position

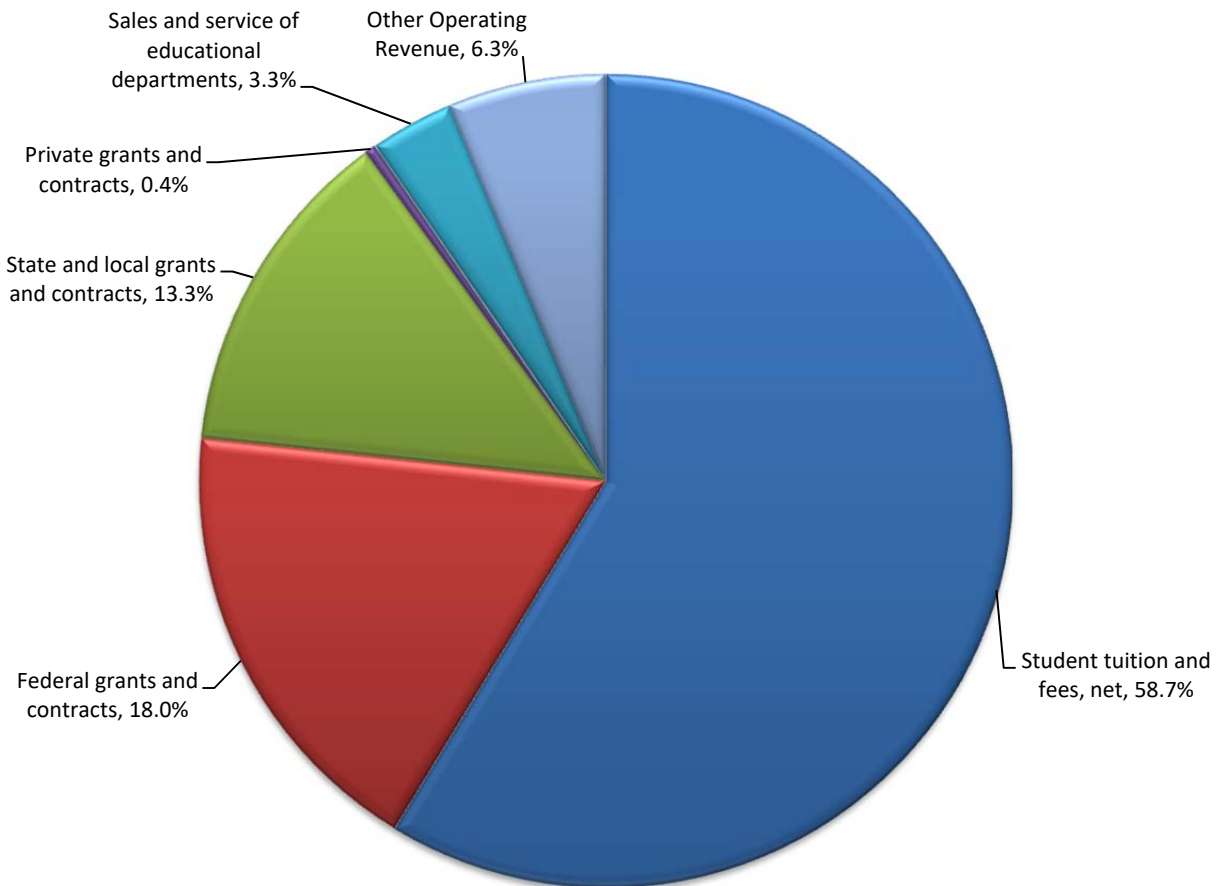
Net position at June 30, 2019 totaled \$13,268,509. Net investment in capital assets totaled \$15,428,181 of total net position. Net position at June 30, 2018 totaled \$10,390,224. Net investment in capital assets totaled \$14,417,443 of total net position.

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

	2019	2018	2017
Operating Revenues:			
Student tuition and fees, net	\$3,389	\$3,470	\$3,414
Grants and contracts	1,830	1,683	1,370
Sales and services	190	236	255
Other operating revenue	363	355	451
Total Operating Revenues	<u>5,772</u>	<u>5,744</u>	<u>5,490</u>
Operating Expenses:			
Educational and general	11,533	8,193	12,933
Depreciation	860	851	1,026
Total Operating Expenses	<u>12,393</u>	<u>9,044</u>	<u>13,959</u>
Operating Loss	(6,621)	(3,300)	(8,469)
Non-Operating Revenues:			
State appropriations	5,493	5,320	5,390
Pell grants awards	2,363	2,190	2,156
Investment income	123	79	60
Total non-operating revenues	<u>7,979</u>	<u>7,589</u>	<u>7,606</u>
Income (loss) before other revenues expenses, gains, and losses	1,358	4,289	(863)
Capital appropriations	<u>1,521</u>	<u>402</u>	<u>342</u>
Increase (decrease) in net position	2,879	4,691	(521)
Beginning net position	<u>10,390</u>	<u>5,699</u>	N/A*
Ending net position	<u>\$13,269</u>	<u>\$10,390</u>	<u>\$9,224</u>

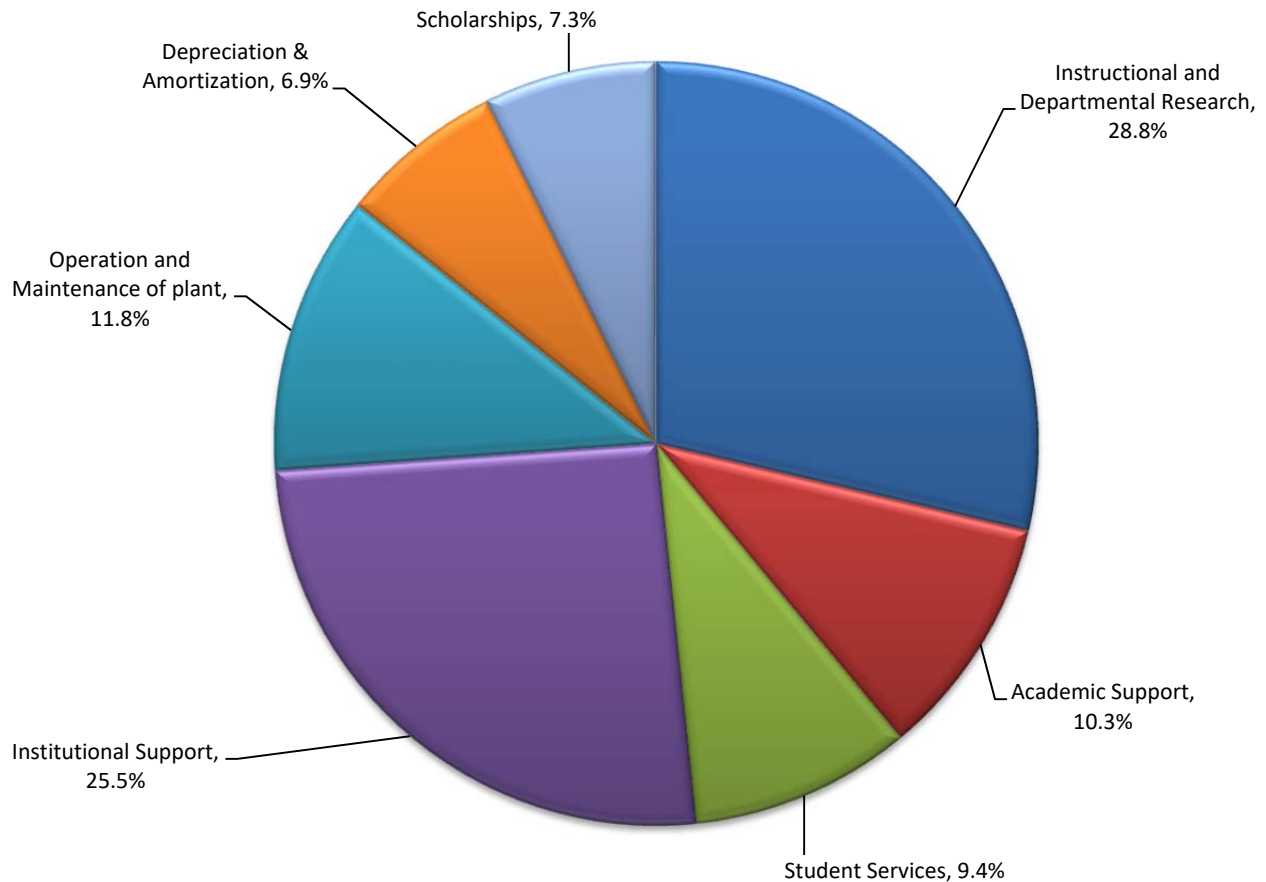
*The information necessary to restate the 2017 beginning net position balance for the implementation of GASB75 is not available.

Operating Revenues



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%). Total operating revenues were \$5,744,072 for the year ended June 30, 2018. 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 (16%). There are other significant recurring sources of revenues essential to the operation of the College, including state appropriations 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, 2019, amounted to \$5,492,607. This represents an increase of \$172,207 from the College's appropriations for the prior fiscal year. The College's state appropriations for the year ended June 30, 2018, amounted to \$5,320,400. This represents a decrease of \$70,156 from the College's appropriations from fiscal year 2017.

Operating Expenses



Operating expenses for 2019, including \$860,119 of depreciation, totaled \$12,393,460. 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 (29%), academic support (10%), and institutional support (26%). 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, 2019, student financial aid related to tuition and fees totaled \$2,363,004 which included scholarships and fellowships, and scholarship allowances. In 2018, operating expenses, including \$851,911 of depreciation, totaled \$9,044,569 and for the year ended June 30, 2018, \$2,189,532 which included scholarships and fellowships, and scholarship allowances.

Statements of Cash Flows (in thousands)

	2019	2018	2017
Net Cash Provided (Used) By:			
Operating activities	(\$7,185)	(\$7,675)	(\$6,971)
Noncapital financing activities	7,856	7,510	7,546
Capital financing activities	(350)	(225)	(300)
Investing activities	123	79	60
Net increase (decrease) in cash	444	(311)	335
Cash, beginning of year	8,238	8,549	8,214
Cash, end of year	<u>\$8,682</u>	<u>\$8,238</u>	<u>\$8,549</u>

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 \$15,428,181 at June 30, 2019, a net increase of \$1,070,738 from the prior year-end due in to additions being greater than depreciation expense and disposals. Capital assets, net of accumulated depreciation, totaled \$14,417,443 at June 30, 2018, a net decrease of \$225,112 from the prior year-end due to depreciation expense and disposals being greater than additions.

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 \$4,640 (effective Summer 2018) 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. Management is currently evaluating whether to increase tuition.

The College experienced a slight increase in summer and fall 2018 and a 2% decrease in spring 2019 enrollment. The State's share of instruction (State Appropriation or subsidy) increased nearly 3.25% from the prior year; however, the College continues to be mindful of the need for cost containment and efficiencies. The formula for State Share of instruction changed beginning in fiscal year 2015, shifting from a primarily enrollment based calculation to a completion based approach where funding is distributed to our institution based upon success points, completion measures and course completion funding, or other performance and access measures.

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
As of June 30, 2019 and 2018

	2019		2018	
	Washington State Community College	Component Unit Washington State Foundation	Washington State Community College	Component Unit Washington State Foundation
ASSETS				
Current assets				
Cash and cash equivalents	\$8,681,946	\$136,564	\$8,238,142	\$129,781
Accounts receivable (net of allowance for doubtful accounts of \$236,708 in 2019 and 2018)	4,335,656	0	3,997,207	0
Prepaid expenses	185,775	0	190,654	0
Total current assets	13,203,377	136,564	12,426,003	129,781
Noncurrent assets				
Investments	0	1,191,014	0	1,068,992
Net other postemployment benefits asset	514,867	0	0	0
Capital assets, net	15,428,181	0	14,417,443	0
Total noncurrent assets	15,943,048	1,191,014	14,417,443	1,068,992
Total assets	29,146,425	1,327,578	26,843,446	1,198,773
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	127,920	0	106,707	0
Pension	2,485,484	0	3,236,826	0
Total deferred outflows of resources	2,613,404	0	3,343,533	0
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,939,230	9,066	1,346,934	7,506
Unearned revenue	1,914,374	0	2,072,953	0
Deposits	37,631	0	36,419	0
Claims payable	126,607	0	0	0
Compensated absences - current portion	42,162	0	39,807	0
Total current liabilities	4,060,004	9,066	3,496,113	7,506
Noncurrent liabilities				
Net other postemployment benefits liability	1,398,124	0	2,803,530	0
Net pension liability	9,952,932	0	11,287,475	0
Compensated absences	238,921	0	225,575	0
Total noncurrent liabilities	11,589,977	0	14,316,580	0
Total liabilities	15,649,981	9,066	17,812,693	7,506
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	1,182,926	0	431,995	0
Pension	1,658,413	0	1,552,067	0
Total deferred inflows of resources	2,841,339	0	1,984,062	0
NET POSITION				
Net investment in capital assets	15,428,181	0	14,417,443	0
Restricted for				
Nonexpendable				
Scholarship and fellowships	0	529,512	0	474,503
Expendable				
Scholarship and fellowships	0	592,697	0	543,917
Capital projects	557,593	74,353	845,155	71,058
Unrestricted	(2,717,265)	121,950	(4,872,374)	101,789
Total net position	\$13,268,509	\$1,318,512	\$10,390,224	\$1,191,267

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, 2019 and 2018

	2019		2018	
	Washington State Community College	Component Unit Washington State Foundation	Washington State Community College	Component Unit Washington State Foundation
REVENUES				
Operating revenues				
Student tuition and fees (net of scholarship allowances of \$1,753,322 in 2019 and \$1,661,483 in 2018)	\$3,388,515	\$0	\$3,470,405	\$0
Federal grants and contracts	1,038,031	0	946,557	0
State and local grants and contracts	767,262	0	697,222	0
Private grants and contracts	25,000	161,648	38,470	125,869
Sales and service of educational departments	190,327	0	236,144	0
Other operating revenues	363,290	0	355,274	0
Total operating revenues	<u>5,772,425</u>	<u>161,648</u>	<u>5,744,072</u>	<u>125,869</u>
OPERATING EXPENSES				
Educational and general				
Instructional and departmental research	3,569,482	1,245	1,108,341	1,085
Academic support	1,274,029	0	884,241	0
Student services	1,167,031	0	931,980	0
Institutional support	3,157,150	63,831	3,104,132	68,242
Operation and maintenance of plant	1,465,270	0	1,204,934	0
Depreciation and amortization	860,119	0	851,911	0
Scholarships and fellowships	900,379	48,870	857,613	41,250
Auxiliary enterprises:				
Bookstore	0	0	101,417	0
Total operating expenses	<u>12,393,460</u>	<u>113,946</u>	<u>9,044,569</u>	<u>110,577</u>
Operating income (loss)	(6,621,035)	47,702	(3,300,497)	15,292
NONOPERATING REVENUES (EXPENSES)				
State appropriations (subsidy)	5,492,607	0	5,320,400	0
Investment income	122,844	79,543	79,195	90,559
Pell grant awards	2,363,004	0	2,189,532	0
Net nonoperating revenues (expenses)	<u>7,978,455</u>	<u>79,543</u>	<u>7,589,127</u>	<u>90,559</u>
Income before other revenues, expenses, gains and losses	1,357,420	127,245	4,288,630	105,851
Capital appropriations	<u>1,520,865</u>	<u>0</u>	<u>402,110</u>	<u>0</u>
Increase (decrease) in net position	2,878,285	127,245	4,690,740	105,851
NET POSITION				
Beginning net position				
Beginning of year, as previously reported	10,390,224	1,191,267	9,223,792	1,085,416
Cumulative effect of accounting change	0	0	(3,524,308)	0
Beginning of year, restated	<u>10,390,224</u>	<u>1,191,267</u>	<u>5,699,484</u>	<u>1,085,416</u>
Ending net position	<u>\$13,268,509</u>	<u>\$1,318,512</u>	<u>\$10,390,224</u>	<u>\$1,191,267</u>

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, 2019 and 2018

	2019		2018	
	Washington State Community College	Component Unit Washington State Foundation	Washington State Community College	Component Unit Washington State Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	\$3,295,357	\$0	\$3,444,480	\$0
Grants and contracts	1,747,295	161,648	1,308,766	127,517
Payments to suppliers and utilities	(3,262,121)	(63,516)	(3,635,909)	(83,075)
Payments to employees and benefits	(8,535,682)	0	(8,431,228)	0
Payments for scholarships and fellowships	(900,379)	(48,870)	(857,613)	(41,250)
Auxiliary enterprises expenses	0	0	(101,417)	0
Other receipts	470,871	0	596,937	0
Net cash provided (used) by operating activities	(7,184,659)	49,262	(7,675,984)	3,192
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	5,492,607	0	5,320,400	0
Pell grant awards	2,363,004	0	2,189,532	0
Net cash provided by noncapital financing activities	7,855,611	0	7,509,932	0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital appropriations	1,283,951	0	402,110	0
Purchases of capital assets	(1,633,943)	0	(626,799)	0
Net cash provided (used) by capital financing activities	(349,992)	0	(224,689)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (purchases) of investments	0	(122,022)	0	(104,082)
Interest on investments	122,844	79,543	79,195	90,559
Net cash provided (used) by investing activities	122,844	(42,479)	79,195	(13,523)
NET INCREASE IN CASH	443,804	6,783	(311,546)	(10,331)
Cash and cash equivalents - beginning of year	8,238,142	129,781	8,549,688	140,112
Cash and cash equivalents - end of year	<u>\$8,681,946</u>	<u>\$136,564</u>	<u>\$8,238,142</u>	<u>\$129,781</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	(\$6,621,035)	\$47,702	(\$3,300,497)	\$15,292
Adjustments to reconcile net operating income (loss) to net cash used by operating activities:				
Depreciation expense	860,119	0	851,911	0
Increase (decrease) in assets and deferred outflows, and liabilities and deferred inflows:				
(Increase) Decrease in Receivables, Net	(338,449)	0	(427,062)	0
(Increase) Decrease in Pledges receivable	0	0	0	1,648
(Increase) Decrease in Other assets	4,879	0	(39,474)	0
(Increase) Decrease in Net OPEB asset	(514,867)	0	0	0
(Increase) Decrease in Deferred outflows of resources	730,129	0	(471,661)	0
Increase (Decrease) in Accounts payable	592,296	1,560	19,986	(13,748)
Increase (Decrease) in Deposits held for others	1,212	0	(50,735)	0
Increase (Decrease) in Unearned revenues	(158,579)	0	83,908	0
Increase (Decrease) in Claims payable	126,607	0	0	0
Increase (Decrease) in Compensated absences	15,701	0	18,753	0
Increase (Decrease) in Deferred Inflows of Resources	857,277	0	683,731	0
Increase (Decrease) in Net OPEB Liability	(1,405,406)	0	(748,962)	0
Increase (Decrease) in Net Pension Liability	(1,334,543)	0	(4,295,882)	0
Net cash provided (used) by operating activities	<u>(\$7,184,659)</u>	<u>\$49,262</u>	<u>(\$7,675,984)</u>	<u>\$3,192</u>

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, 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 \$3,000 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 20 years for land improvements, 10 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 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, 2019 and 2018.

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 position 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 and Restatement of Net Position

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, 2019 and 2018.

Investments

As of June 30, 2019 and 2018 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, 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. At June 30, 2018, \$7,684,823 of the College's bank balance of \$8,434,823 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, 2019 and 2018 are as follows:

	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

	2018		
	Gross Receivable	Allowance	Net Receivable
Students	\$2,745,489	\$236,708	\$2,508,781
Reimbursement receivable - grants and contracts	1,454,286	0	1,454,286
Other	34,140	0	34,140
Total	\$4,233,915	\$236,708	\$3,997,207

Note 6 - Capital Assets

Capital assets as of June 30, 2019 and 2018 are summarized as follows:

	2019			
	Beginning Balance	Additions	Reductions	Ending Balance
Asset:				
Land	\$980,000	\$0	\$0	\$980,000
Construction in Progress	0	309,613	0	309,613
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
	<u>31,819,899</u>	<u>1,870,857</u>	<u>28,755</u>	<u>33,662,001</u>
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
	<u>17,402,456</u>	<u>860,119</u>	<u>28,755</u>	<u>18,233,820</u>
Capital assets, net	\$14,417,443	\$1,010,738	\$0	\$15,428,181

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For the Fiscal Years Ended June 30, 2019 and 2018

	2018			Ending Balance
	Beginning Balance	Additions	Reductions	
Asset:				
Land	\$980,000	\$0	\$0	\$980,000
Buildings	23,673,218	223,971	0	23,897,189
Land improvements	3,256,599	0	0	3,256,599
Movable equipment	3,283,283	402,828	0	3,686,111
	<u>31,193,100</u>	<u>626,799</u>	<u>0</u>	<u>31,819,899</u>
Accumulated depreciation:				
Buildings	11,048,508	604,182	0	11,652,690
Land improvements	2,945,432	38,548	0	2,983,980
Movable Equipment	2,556,605	209,181	0	2,765,786
	<u>16,550,545</u>	<u>851,911</u>	<u>0</u>	<u>17,402,456</u>
Capital assets, net	<u>\$14,642,555</u>	<u>(\$225,112)</u>	<u>\$0</u>	<u>\$14,417,443</u>

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2019 and 2018 are as follows:

	2019	2018
Payable to vendors and contractors	\$928,825	\$561,559
Accrued wages	352,475	353,753
Other accrued liabilities	657,930	431,622
Total	<u>\$1,939,230</u>	<u>\$1,346,934</u>

Note 8 - Long-Term Liabilities

The College's long-term liabilities during fiscal years 2019 and 2018 were as follows:

	2019				Current Portion
	Beginning Balance	Increases	Decreases	Ending Balance	
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 (a)	0
SERS	1,491,460	0	(93,336)	1,398,124	0
Total long-term liabilities	<u>\$14,356,387</u>	<u>\$65,695</u>	<u>(\$2,789,943)</u>	<u>\$11,632,139</u>	<u>\$42,162</u>

(a)-OPEB for STRS has a Net OPEB asset in the amount of \$514,867 as of June 30, 2019

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For the Fiscal Years Ended June 30, 2019 and 2018

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$246,629	\$77,138	(\$58,385)	\$265,382	\$39,807
Net Pension Liability					
STRS	11,071,263	0	(3,082,679)	7,988,584	0
SERS	4,512,094	0	(1,213,203)	3,298,891	0
Net OPEB Liability					
STRS	1,768,870	0	(456,800)	1,312,070	0
SERS	1,755,438	0	(263,978)	1,491,460	0
Total long-term liabilities	<u>\$19,354,294</u>	<u>\$77,138</u>	<u>(\$5,075,045)</u>	<u>\$14,356,387</u>	<u>\$39,807</u>

Note 9 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension 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 and 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 obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the College’s proportionate share of each pension and OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and OPEB 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 these estimates 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 and OPEB are financed; however, the College does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’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) on the accrual basis of accounting. Any liability for the contractually-required

pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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 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 on or 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 years of service; 2.2 percent for the first thirty 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 year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$253,468 for fiscal year 2019 and \$234,386 for fiscal year 2018.

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 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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until 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.

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 year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2018, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$497,078 for fiscal year 2019 and \$493,891 for fiscal year 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
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 employer proportionate share of net pension liability	1,194	97,455	98,649
Contributions subsequent to the measurement date	253,468	497,078	750,546
Total Deferred Outflows of Resources	<u>\$479,803</u>	<u>\$2,005,681</u>	<u>\$2,485,484</u>
<u>Deferred Inflows of Resources</u>			
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 employer proportionate share of net pension liability	442,950	661,679	1,104,629
Total Deferred Inflows of Resources	<u>\$523,518</u>	<u>\$1,134,895</u>	<u>\$1,658,413</u>

\$750,546 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2020	(\$98,120)	\$340,874	\$242,754
2021	(78,926)	168,414	89,488
2022	(95,427)	14,936	(80,491)
2023	(24,710)	(150,516)	(175,226)
Total	<u>(\$297,183)</u>	<u>\$373,708</u>	<u>\$76,525</u>

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 termination). 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 pension liability in the latest actuarial valuation, prepared as of June 30 2018, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the 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 were based upon the 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 were based upon the 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. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan 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 rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	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 total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’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.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$4,095,897	\$2,907,829	\$1,911,714

Assumption and Benefit Changes Since the Prior Measurement Date

With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

Post-retirement mortality rates for healthy retirees 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio’s 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:

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Asset Class	Target Allocation	Long-Term Expected 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%	

*10-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. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. 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. Therefore, the long-term expected rate of return on pension plan 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what 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 discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$10,288,446	\$7,045,103	\$4,300,054

Assumption and Benefit Changes Since the Prior Measurement Date

There were no changes in assumptions or benefit terms since the prior measurement date.

Note 10 – Defined Benefit Other Postemployment Benefits (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, .5 percent of covered payroll was made 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 year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2019, the College's surcharge obligation was \$14,425 and \$22,285 for fiscal year 2018.

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 \$23,813 for fiscal year 2019 and \$30,966 for fiscal year 2018. Of this amount, \$14,425 is reported as accrued liabilities for 2019 and \$22,285 for 2018.

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, 2020. 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 year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30 2018, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,398,124	\$0	\$1,398,124
Proportionate Share of the Net OPEB (Asset)	0	(514,867)	(514,867)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.05039610%	0.03204103%	
Prior Measurement Date	<u>0.05557400%</u>	<u>0.03362876%</u>	
Change in Proportionate Share	<u>-0.00517790%</u>	<u>-0.00158773%</u>	
OPEB Expense	(\$19,433)	(\$1,147,308)	(\$1,166,741)

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$22,822	\$60,137	\$82,959
Changes in employer proportionate share of net OPEB liability	0	21,148	21,148
Contributions subsequent to the measurement date	23,813	0	23,813
Total Deferred Outflows of Resources	<u>\$46,635</u>	<u>\$81,285</u>	<u>\$127,920</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$29,998	\$29,998
Changes of assumptions	125,611	701,547	827,158
Net difference between projected and actual earnings on OPEB plan investments	2,098	58,819	60,917
Changes in employer proportionate share of net OPEB liability	208,274	56,579	264,853
Total Deferred Inflows of Resources	<u>\$335,983</u>	<u>\$846,943</u>	<u>\$1,182,926</u>

\$23,813 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	SERS	STRS	Total
Ending June 30:			
2020	(\$120,114)	(\$135,939)	(\$256,053)
2021	(98,106)	(135,939)	(234,045)
2022	(28,412)	(135,939)	(164,351)
2023	(27,520)	(122,581)	(150,101)
2024	(27,665)	(117,894)	(145,559)
Thereafter	<u>(11,344)</u>	<u>(117,366)</u>	<u>(128,710)</u>
Total	<u>(\$313,161)</u>	<u>(\$765,658)</u>	<u>(\$1,078,819)</u>

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 2018, are presented below:

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

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 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 timeframe. 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	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, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of 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, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	\$1,696,513	\$1,398,124	\$1,161,855
	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$1,128,030	\$1,398,124	\$1,755,777

Assumption and Benefit Changes Since the Prior Measurement Date

The following changes in key methods and assumptions as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

Actuarial Assumptions - STRS

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:

Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3%
Discount Rate of Return	7.45%

Health Care Cost Trends:

Medical:

Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate

Prescription Drug:

Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% 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.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period 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:

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Asset Class	Target Allocation	Long-Term Expected 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%	

*10 year annualized geometric nominal returns, which includes 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 actual 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, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these 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 used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB (asset) as of June 30, 2018, 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 (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$441,289)	(\$514,867)	(\$576,705)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$573,214)	(\$514,867)	(\$455,610)

Assumption and Benefit Changes Since the Prior Measurement Date

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 based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 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 were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

Note 11 - Operating Expenses by Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Salaries and wages	\$6,021,654	\$5,801,533
Employee benefits	1,149,731	(2,179,437) (a)
Utilities	229,508	240,545
Supplies and other services	3,232,069	3,472,404
Depreciation	860,119	851,911
Student Scholarships and financial aid	900,379	857,613
	<u>\$12,393,460</u>	<u>\$9,044,569</u>

(a)-Note that the effect of GASB 68 (Pensions) and GASB 75 (OPEB) reduced employee benefits expense by \$4,832,772 for fiscal year 2018.

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 \$126,607 reported in the financial statements at June 30, 2019 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
2019	\$0	\$866,468	(\$739,861)	\$126,607

Note 13 – Reclassifications of Presentation

Certain June 30, 2018 amounts have been reclassified for consistency with the June 30, 2019 presentation.

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

As of June 30, 2018, the carrying amount of the Foundation's deposits was \$129,781 and the bank balance of \$119,511 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, 2019 and 2018:

	2019	2018
<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value</u>
Money Market Funds	\$50,849	\$56,926
Equities	773,527	718,950
Fixed Income	366,638	293,116
	<u>\$1,191,014</u>	<u>\$1,068,992</u>

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 use 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:

	<u>2019</u>	<u>2018</u>
Time/Purpose Restricted	\$667,050	\$614,975
Donor Restricted Endowment	529,512	474,503
Total	<u>\$1,196,562</u>	<u>\$1,089,478</u>

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

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- 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, 2019 and June 30, 2018.

The changes in endowment net assets for the years ending June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Endowment net assets, Beginning of Year	\$474,503	\$433,750
Contributions	55,009	40,753
Investment return net	59,319	85,515
Amounts appropriated for expenditure	<u>(59,319)</u>	<u>(85,515)</u>
Endowment net assets, End of Year	<u><u>\$529,512</u></u>	<u><u>\$474,503</u></u>

Support Provided to the College

During the years ended June 30, 2019 and 2018 the Foundation provided resources of \$51,836, and \$53,406, 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, 2019 and June 30, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial statement date.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$136,564	\$129,781
Investments	<u>1,191,014</u>	<u>1,068,992</u>
	1,327,578	1,198,773
Less amounts unavailable for general expenditures within one year, due to:		
Donor-restricted purpose or time	667,050	614,975
Donor-restricted to maintain as an endowment	<u>529,512</u>	<u>474,503</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$131,016</u></u>	<u><u>\$109,295</u></u>

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

Washington State Community College
Washington County, Ohio
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2019 and 2018

Expense Disclosures

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

2018	Program	Supporting Activities			Total Expenses
		Management and General	Fund-Raising	Total	
Scholarships	\$41,250				\$41,250
Grant-Related	5,454				5,454
Student-Related	35,079				35,079
Contracted Services		\$11,638		\$11,638	11,638
Legal Fees		\$2,383		2,383	2,383
Computer Costs		7,506		7,506	7,506
Events		5,352		5,352	5,352
Other		830	\$1,085	1,915	1,915
Total Expenses	\$81,783	\$27,709	\$1,085	\$28,794	\$110,577

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.

New Accounting Principle

The Foundation has adopted new accounting guidance, FASB ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance required changes to the presentation of categories of net assets and required certain new disclosures. The new accounting principle was implemented retrospectively; changes to the previously issued 2018 financial statement amounts, including net assets, were not material.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net Pension Liability	0.0507724%	0.0552136%	0.0616484%
Proportionate Share of the Net Pension Liability	\$2,907,829	\$3,298,891	\$4,512,094
College's Covered-Employee Payroll	1,736,193	1,690,957	2,200,850
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	167.48%	195.09%	205.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

Note: Amounts presented as of the measurement date which is the prior fiscal year end.

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0716504%	0.0710010%	0.0710010%
\$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%

Washington State Community College
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 Required Supplementary Information
 Schedule of College Contributions for Pension
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$253,468	\$234,386	\$236,734
Contributions in Relation to the Contractually Required Contribution	<u>(253,468)</u>	<u>(234,386)</u>	<u>(236,734)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered Employee Payroll	\$1,877,541	\$1,736,193	\$1,690,957
Contributions as a Percentage of Covered-Employee Payroll	13.50%	13.50%	14.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011	2010
\$308,119	\$301,963	\$288,841	\$269,396	\$318,903	\$372,536	\$427,329
(308,119)	(301,963)	(288,841)	(269,396)	(318,903)	(372,536)	(427,329)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$2,200,850	\$2,291,070	\$2,083,990	\$1,946,503	\$2,371,026	\$2,963,691	\$3,156,049
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net Pension Liability	0.03204103%	0.03362876%	0.03307519%
Proportionate Share of the Net Pension Liability	\$7,045,103	\$7,988,584	\$11,071,263
College's Covered-Employee Payroll	3,527,793	3,475,757	3,616,936
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	199.70%	229.84%	306.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

Note: Amounts presented as of the measurement date which is the prior fiscal year end.

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
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%

Washington State Community College
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Required Supplementary Information
Schedule of College Contributions for Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$497,078	\$493,891	\$486,606
Contributions in Relation to the Contractually Required Contribution	<u>(497,078)</u>	<u>(493,891)</u>	<u>(486,606)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered Employee Payroll	\$3,550,557	\$3,527,793	\$3,475,757
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011	2010
\$506,371	\$502,745	\$529,885	\$529,025	\$589,842	\$672,548	\$700,358
(506,371)	(502,745)	(529,885)	(529,025)	(589,842)	(672,548)	(700,358)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$3,616,936	\$3,591,036	\$4,076,038	\$4,069,423	\$4,537,246	\$5,173,446	\$5,387,369
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Washington State Community College
Washington County, Ohio
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years (1)

	2019	2018	2017
Proportion of the Net OPEB Liability or Asset	0.05039610%	0.05557400%	0.06153646%
Proportionate Share of the Net OPEB Liability (Asset)	\$1,398,124	\$1,491,460	\$1,754,017
College's Covered-Employee Payroll	\$1,736,193	\$1,690,957	\$2,200,850
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	80.53%	88.20%	79.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

Note: Amounts presented as of the measurement date which is the prior fiscal year end.

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

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Washington State Community College
 Washington County, Ohio
 Required Supplementary Information
 Schedule of College Contributions for OPEB
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions (2)	\$23,813	\$30,966	\$28,184
Contributions in Relation to the Contractually Required Contribution	<u>(23,813)</u>	<u>(30,966)</u>	<u>(28,184)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered Employee Payroll	\$1,877,541	\$1,736,193	\$1,690,957
Contributions as a Percentage of Covered-Employee Payroll	1.27%	1.78%	1.67%

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

2016

\$28,131

(28,131)

\$0

\$2,200,850

1.28%

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

	2019	2018	2017
Proportion of the Net OPEB Liability or Asset	0.03204103%	0.03362876%	0.03307519%
Proportionate Share of the Net OPEB Liability (Asset)	(\$514,867)	\$1,312,070	\$1,768,870
College's Covered-Employee Payroll	\$3,527,793	\$3,475,757	\$3,616,936
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	(14.59%)	37.75%	48.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

Note: Amounts presented as of the measurement date which is the prior fiscal year end.

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

See accompanying notes to the required supplementary information

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Washington State Community College
 Washington County, Ohio
 Required Supplementary Information
 Schedule of College Contributions for OPEB
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered Employee Payroll	\$3,550,557	\$3,527,793	\$3,475,757
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%

(1) The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

2016

\$0

0

\$0

\$3,616,936

0.00%

Note 1- Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019 There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,

- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 2 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,

- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

WASHINGTON STATE COMMUNITY COLLEGE



Single Audit Reports

June 30, 2019

PLATTENBURG
Certified Public Accountants

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**WASHINGTON STATE COMMUNITY COLLEGE
WASHINGTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2019**

	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	\$ 2,363,004
Federal Work Study Program	84.033	N/A	36,319
Federal Supplemental Educational Opportunity Grants	84.007	N/A	51,367
Federal Direct Student Loans	84.268	N/A	2,269,577
Total Student Financial Assistance Cluster			4,720,267
TRIO Cluster			
TRIO Talent Search	84.044	N/A	464,373
TRIO Upward Bound	84.047	N/A	295,205
Total TRIO Cluster			759,578
<i>Passed Through Ohio Department of Education</i>			
Career and Technical Education - Basic Grants to States	84.048	3L90	190,127
Total U.S. Department of Education			5,669,972
<u>U.S. Department of Labor</u>			
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
Apprenticeship USA Grants	17.285	AP-30104-16-60-A-39	49,004
Total U.S. Department of Labor			49,004
<u>Appalachian Regional Commission</u>			
<i>Direct Awards</i>			
Appalachian Area Development	23.002	N/A	151,460
Total Appalachian Regional Commission			151,460
Total Federal Awards			\$ 5,870,436

See accompanying notes to the schedule of expenditures of federal awards

**WASHINGTON STATE COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNT 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 2: FEDERAL WORK-STUDY WAIVER

For fiscal year 2019, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-Study program.

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.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount</u>
84.268	Federal Subsidized Loans	\$1,037,560
84.268	Federal Unsubsidized Loans	1,225,442
84.268	Federal PLUS Loans	6,575
	Total Federal Direct Student Loans	<u>\$2,269,577</u>

**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***

To the Board of Trustees
Washington State Community College

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 Washington State Community College, Washington County, Ohio, (the College) a component unit of the State of Ohio, and the discretely presented component unit, as of and for the year ended June 30, 2019, 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 11, 2019.

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) to determine the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 11, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Board of Trustees
Washington State Community College

Report on Compliance for Each Major Federal Program

We have audited the Washington State Community College's (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, 2019. 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 laws, regulations, contracts, and grants 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; and 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 the 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, 2019.

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 the 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 audited the financial statements of the College and the discretely presented component unit of the College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 11, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2019

**WASHINGTON STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Student Financial Assistance Cluster
TRIO Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**WASHINGTON STATE COMMUNITY COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2019**

Summary of Prior Audit Findings:

None Noted

OHIO AUDITOR OF STATE KEITH FABER



WASHINGTON STATE COMMUNITY COLLEGE

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 19, 2019**