North Central State College

North Central State College

Basic Financial Statements

June 30, 2014

PLATTENBURG
Certified Public Accountants

Dave Yost • Auditor of State

Board of Trustees
North Central State College
2441 Kenwood Circle
Mansfield, OH 44906

We have reviewed the *Independent Auditor's Report* of the North Central State College, Richland County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. 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 North Central State College is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

January 9, 2015

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PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College, Richland County, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the North Central State College (the College) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

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 previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 1−5 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 December 3, 2014, 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Columbus, Ohio
December 3, 2014

The Management's Discussion and Analysis (MD&A) of the financial condition of North Central State College (hereafter referred to as the College) provides an overview of the financial performance for the year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenses and liabilities are recognized when an obligation has been incurred, 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. State appropriations are classified as non-operating revenues. The College generated an operating loss. For fiscal year 2014, the College had a increase in net position of $1,099,840 after including net non-operating revenue. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

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

The financial statements include not only the College itself (known as the primary institution), but also one organization for which the College is financially accountable, which is the North Central State College Foundation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The Statement of Net Position

Condensed Financial Information

Statement of Net Position

Assets	2014	2013
Current Assets	$8,311,402	$7,470,116
Non-current Assets	19,332,384	19,210,530
Total Assets	27,643,786	26,680,646
Liabilities		
Current Liabilities	5,963,830	6,078,395
Non-current Liabilities	553,546	575,681
Total Liabilities	6,517,376	6,654,076
Net Position		
Net Investment in Capital Assets	18,293,246	18,217,067
Unrestricted	2,833,164	1,809,503
Total Net Position	$21,126,410	$20,026,570

Assets

As of June 30, 2014, the College's total assets amounted to $27,643,786. Capital assets, net of related depreciation totaled $18,293,245, represented the College's largest asset, totaling 66 percent of total assets. Student accounts receivable of $5,596,547 or 20 percent, were the College's second largest asset. Unrestricted cash and cash equivalents totaling $1,630,409 or 6 percent of total assets represented the next largest asset. Unrestricted cash and cash equivalents increased $559,233 from the prior year. This increase resulted primarily from the increase in enrollment.

Liabilities

At June 30, 2014, the College's liabilities totaled $6,517,376, comprised of current liabilities of $5,963,830 and non-current liabilities totaling $553,546. Unearned tuition and fees represented $4,575,564 or 70 percent of total liabilities. Total liabilities decreased during the year ended June 30, 2014 by $136,700. This decrease is mainly attributable to a decrease in enrollment for Summer Semester 2014 over Summer Semester 2013.

Net Position

Unrestricted net position at June 30, 2014 totaled $2,833,164 or 13 percent of total net position. Net investment in capital assets totaled $18,293,246 or 87 percent of total net position. Total net position increased by $1,099,840 during the year ended June 30, 2014.

Net Position

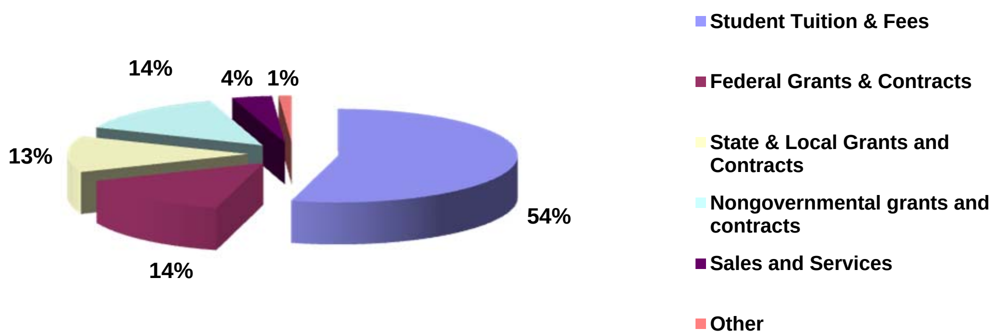
The Statement of Revenues, Expenses, and Changes in Net Position

Condensed Financial Information
Statement of Revenues, Expenses, and Changes in Net Position

	2014	2013
Total Operating Revenues	$12,098,684	$10,700,428
Total Operating Expenses	23,150,872	23,261,334
Operating Loss	(11,052,188)	(12,560,906)
Non-Operating Revenues	12,152,028	11,951,561
Increase (Decrease) in Net Position	1,099,840	(609,345)
Net Position, Beginning of Year	20,026,570	20,635,915
Net Position, End of Year	$21,126,410	$20,026,570

Operating Revenues

Total operating revenues were $12,098,684 for the year ended June 30, 2014. The most significant sources of operating revenue for the College are net student tuition and fees, 54 percent, federal grants and contracts, 14 percent, nongovernmental grants and contracts, 14 percent, and state and local grants and contracts, 13 percent. It is important to note that tuition and fees appear net of scholarship allowances of $3,867,395. Total operating revenues increased by $1,398,256 due mainly to the increase in tuition and fees and non-governmental grants and contracts.

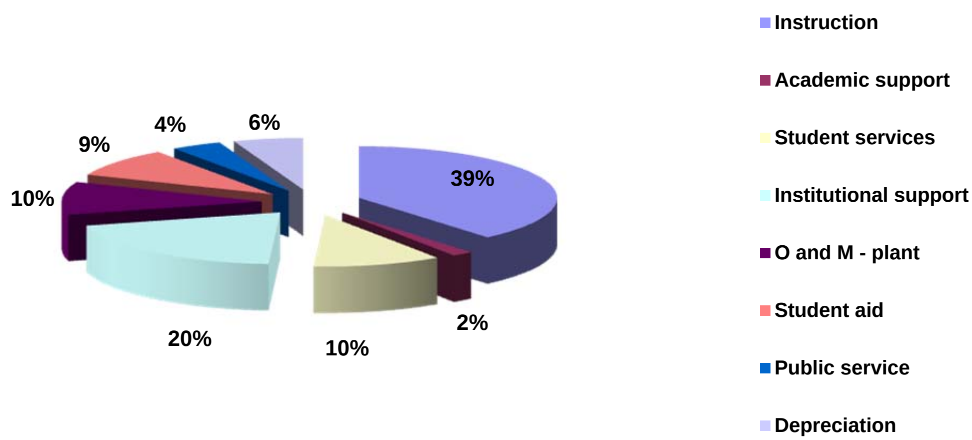


Non-operating Revenues

The other significant recurring sources of revenue essential to the operation of the College are state appropriations and some federal grants and contracts, which are considered non-operating revenue. The College's state appropriation for the fiscal year ended June 30, 2014, amounted to $6,806,799. This represents an increase of $129,025 from the College's appropriation for the prior year.

Operating Expenses

Operating expenses totaled $23,150,872. The majority of the College's operating funds are spent directly for the primary mission of the College instruction, 39 percent, academic support, 2 percent, and institutional support, 20 percent. For the year ended June 30, 2014, student aid totaled $2,117,546 or 9 percent. Operating expenses decreased $110,462 over from prior year.



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:

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

Major sources of cash inflows included in operating activities are grants and contracts $4,951,768 and student tuition and fees $6,134,041. The largest cash outflows for operating activities were to employees, for wages and benefits, $14,291,509, for student aid, $2,205,537, for utilities and maintenance, $1,711,945, and to suppliers, $1,905,150.

The largest cash receipts in the non-capital financing activities group are the non-operating appropriation from the State of Ohio, $6,806,799, the non-operating federal grants and contracts, and the FFEL Loans.

Capital Assets

Capital assets, net of accumulated depreciation, totaled $18,293,245 at June 30, 2014, a net increase of $76,178 from the prior year-end. Additions to capital assets during the year totaled $1,378,097 and there were no disposals. Depreciation expense for the year ended June 30, 2014 amounted to $1,301,919. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

Debt

As of June 30, 2014, the College had no debt outstanding.

Factors Impacting Future Periods

The College currently receives almost $6.8 million or approximately 28% of the total revenues from State appropriations.

As institutions of higher education continue to face tight economic times, both in our State and across the nation, our responsibility to our students, our region, our business partners, our community, and our State to enhance access and affordability, maintain excellent and reputable academic programs that facilitate student success, and promote a culture of fiscal discipline and accountability has become our foremost aspiration.

Despite the current fiscal challenges, North Central State College remains a regional source of economic growth providing access to postsecondary education through early college programs, affordable transfer opportunities to four year institutions, and offering job training, retraining, and certification while taking advantage of innovative technology for the delivery of education and training.

Keeping North Central State College affordable to all students from all backgrounds within our service area is our paramount goal given the educational attainment in our region and the economic hardships facing many families. This goal is reflected in the initiatives set forth in the College's enhanced strategic plan that focusses on three key components: Access, Success, and Resources.

Final Analysis

Although the College has seen some steady improvement in its overall fiscal conditions due to some difficult decisions that have been made over the last several months through continuous cost-saving measures and increased operational efficiencies, the institution continues to adjust accordingly in order to remain a regional economic and innovation leader where the community as a whole benefits from increased training, academic, occupational and investment opportunities.

The establishment of the regional workforce partnership in 2013 is also important to the strategy of the College to meet the critical needs of the regional employers. This strategy relies on a continued emphasis on regional partnerships and collaborations with other educational institutions and industries through the workforce partnership.

As our economy continues to evolve and change, the College will continue to remain relevant to our business partners and our students by creating and delivering solutions and leveraging our strengths to better meet the demands of the community we serve.

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Board of Regents, our citizens, taxpayers, investors, and creditors with a general overview of the College's finances and show the College's accountability for the money it received. If you have questions about this report or need additional financial information, contact **Koffi C. Akakpo, Vice President for Business and Administrative Services at 419-755-4702.**

North Central State College
Statement of Net Position
As of June 30, 2014

	Primary Institution	Component Unit
ASSETS		
Current Assets		
Cash & Cash Equivalents	$ 1,630,409	$ 444,362
Investments	-	2,961,130
Student Accounts Receivable, Net	5,596,547	-
Intergovernmental Receivables	929,552	-
Prepaid expenses	154,894	39,151
Contributions Receivable	-	367,330
Interest in Assets held by Richland Co Foundation	-	350,000
Total Current Assets	8,311,402	4,161,973
Noncurrent Assets		
Restricted Cash & Cash Equivalents	114,823	-
Other Receivables	924,316	96
Capital Assets, net	18,293,245	2,623
Total Noncurrent Assets	19,332,384	2,719
Total Assets	27,643,786	4,164,692
LIABILITIES		
Current Liabilities		
Accounts Payable & Accrued Liabilities	339,202	233,540
Unearned Tuition and Fees	4,575,564	-
Accrued Wages	1,049,064	-
Unearned Income	-	11,682
Total Current Liabilities	5,963,830	245,222
Noncurrent Liabilities		
Long-Term Liabilities	553,546	-
Total Noncurrent Liabilities	553,546	-
Total Liabilities	6,517,376	245,222
NET POSITION		
Net Investment in Capital Assets	18,293,246	-
Restricted for		
Nonexpendable		
Scholarships	-	3,095,515
Expendable		
Student Grants and Scholarships	-	996,283
Unrestricted	2,833,164	(172,328)
Total Net Position	21,126,410	3,919,470
Total Liabilities & Net Position	$ 27,643,786	$ 4,164,692

See accompanying notes to the basic financial statements.

North Central State College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Primary Institution	Component Unit
REVENUES		
Operating Revenues:		
Tuition, Fees and Other Student Charges, Net	$ 6,559,251	$ -
Federal Grants and Contracts	1,755,227	-
State and Local Grants and Contracts	1,518,947	-
Nongovernmental Grants and Contracts	1,693,777	-
Sales and Services	432,476	-
Contributions	-	670,208
Fundraising	-	206,347
Other Operating Revenue	139,006	65,490
Total Operating Revenues	12,098,684	942,045
EXPENSES		
Operating Expenses		
Educational and General:		
Instruction	8,981,489	-
Academic Support	398,942	192,869
Student Services	2,403,364	-
Institutional Support	4,617,287	-
Operation and Maintenance of Plant	2,385,589	-
Student Aid and Scholarships	2,117,546	1,274,022
Public Service	944,736	-
Depreciation	1,301,919	-
Other Expenses	-	327,851
Total Operating Expenses	23,150,872	1,794,742
Operating Income (Loss)	(11,052,188)	(852,697)
NONOPERATING REVENUES		
State Appropriations	6,806,799	-
Federal Grants & Contracts	5,345,069	-
Investment Income, Net	160	324,685
Net Nonoperating Revenues	12,152,028	324,685
Increase (Decrease) in net position	1,099,840	(528,012)
NET POSITION		
Net Position, Beginning of Year	20,026,570	4,447,482
Net Position, End of Year	$ 21,126,410	$ 3,919,470

See accompany notes to the basic financial statements.

North Central State College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Primary Instiution
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows from Operating Activities:	
Tuition and Fees	$ 6,134,041
Grants and contracts	4,951,768
Payments to suppliers	(1,905,150)
Payments to employees and for benefits	(14,291,509)
Payments for utilities and maintenance	(1,711,945)
Payments for Student Aid	(2,205,537)
Sales and service of educational activities	432,476
Other receipts (payments)	(1,649,725)
Net cash used by operating activities	(10,245,581)
Cash Flows from Non-Capital and Related Financing Activities:	
FFEL Loans Received	5,148,307
FFEL Loans Disbursed	(5,148,307)
Federal Grants & Contracts	5,345,069
State appropriations	6,806,799
Net Cash provided by non-capital and related financing activities	12,151,868
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(1,378,097)
Net cash used by capital and related financing activities	(1,378,097)
Cash Flows from Investing Activities:	
Interest on investments	160
Net cash provided by investing activities	160
Net increase in cash and cash equivalents	528,350
Cash and Cash Equivalents, Beginning of Year	1,216,882
Cash and Cash Equivalents, End of Year	$ 1,745,232

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Loss	$ (11,052,188)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	1,301,919
Loss on Disposal of Assets	-
Change in Assets and Liabilities:	
Receivables, Net	(364,953)
Prepaid Expenses	6,341
Payables	(28,829)
Accrued Wages	67,263
Unearned Tuition and Fees	(152,999)
Compensated absences	(22,135)
Net cash used by operating activities	$ (10,245,581)

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE ENTITY

North Central Ohio Technical Institute (the "College") was chartered in 1969 under provisions of Section 3357 of the Ohio Revised Code. This action of the Ohio Board of Regents and the Secretary of State created the Technical College District in the contiguous counties of Ashland, Crawford, and Richland. In August of 1999, the Board of Trustees changed the name of the College to North Central State College. The College is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College offers associate degree programs and certificate programs that prepare individuals to be technicians and paraprofessionals in business technologies, engineering technologies, health technologies, and public service technologies. The College also offers noncredit continuing education classes and customized contract-training services to companies and employees in the service area. The College is directed by a Board of Trustees, the members of which are public representatives of Ashland, Crawford and Richland Counties.

In preparing these financial statements, the College follows GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14 and GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, an amendment of GASB Statements No. 14 and No. 34. These pronouncements require inclusion of certain entities in the College's financial reporting entity as component units due to a fiscal dependency and the presence of a financial benefit or burden relationship between the primary government and the component unit organization. The College has determined that the North Central State College Foundation (the "Foundation") meets this definition and is therefore included as a discretely presented component unit in the College's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the FASB. See Note 13 for additional disclosures regarding the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the College's accounting policies are described below:

A. Basis of Presentation – The College applies GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by GASB Statements No. 34/35 is intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

B. Basis of Accounting - The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The College reports as a "business type activity" as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The full scope of the College's activities is considered to be a single business type activity and accordingly, is reported within a single column in the basic financial statements.

C. Budgetary Process - The budget is an annual plan for the financial operations of the College that establishes a basis of control and evaluation of activities financed through the current funds of the College. Formal adoption of the budget into the accounting records is not legally mandated and, thus, the College does not integrate the budget into its accounts.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

D. *Cash and Investments* - For purposes of presentation on the Statement of Net Position and the Statement of Cash Flows, investments with maturities of three months or less at the time they are purchased are considered to be cash equivalents. During fiscal year 2014, investments were limited to STAR Ohio. These investments are reported as cash equivalents on the Statement of Net Position. Investments are reported at fair value which is based on quoted market prices.

E. *Accounts Receivable* - Receivables at June 30, 2014, consist primarily of student tuition and fees, and grants due from other agencies. Student tuition and fees are reported net of allowance for doubtful accounts.

F. *Capital Assets* - Donated land, buildings, improvements, and equipment are capitalized at estimated fair market value on the date of the gift. The College capitalizes assets other than land and building improvements that have a value or cost in excess of $2,500 and an expected useful life of one or more years. Land and building improvements that significantly increase the value or useful life of the asset of more than $12,500 and $25,000, respectively, are also capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. Infrastructure assets, consisting of sidewalks, parking lots, lighting systems and signage, are capitalized and reported. Capital assets, with the exception of land, are depreciated using the straight-line method and full-month convention over the following useful lives:

Land Improvements	20-30 years
Buildings	40 years
Building Improvements	7-30 years
Equipment	5-20 years
Vehicles	5-10 years
Infrastructure	25 years
Leasehold Improvements	7-30 years

G. *Noncurrent Long-Term Liabilities* - Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year.

H. *Unearned Tuition and Fees* – Unearned tuition and fees is principally comprised of receipts relating to tuition and fees received in advance of the sessions that are primarily or fully conducted in the next accounting period. The College recognizes this revenue in the fiscal year that the sessions are predominately conducted.

I. *Compensated Absences* - GASB Statement No. 16, *Accounting for Compensated Absences*, specifies that 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 the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.

2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee. Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The College has accrued a liability for these compensated absences using the termination method when the following criteria are met:

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

I. *Compensated Absences (Continued)*

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

2. The sick leave liability has been based on the College's past experience of making termination payments for sick leave.

J. *Operating and Non-Operating Revenues and Expenses*

The College presents its revenues and expenses as operating or non-operating based on recognition definitions per GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trusts Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the College. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered non-operating since these are investing, capital, or noncapital financial activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying Statement of Revenues, Expenses and Changes in Net Position. The College had no revenues for capital financing activities for the fiscal year ended June 30, 2014.

K. *Scholarship Allowances*

Student tuition and fees revenue is reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

The scholarship allowance represents the difference between actual charges for goods and services provided by the College and the amount that is paid by the student 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 operating revenues in the Statement of Revenues, Expenses and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance discount.

L. *Net Position*

The College's net position is classified as follows:

Net Investment in Capital Assets – This is comprised of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvements of those assets.

Unrestricted – Net position whose 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.

M. *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.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

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

NOTE 3 - CASH AND CASH EQUIVALENTS

A. Policies and Practices - It is the responsibility of the Business and Finance Department to deposit and invest the College's idle funds. The College's practice is to limit investments to United States Treasury notes and bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other United States agencies for which the principal and interest is guaranteed by the United States Government. The College does not enter into reverse repurchase agreements. The investment and deposit of College monies is governed by the Ohio Revised Code. Investment of the College's monies is restricted to certificates of deposit, savings accounts, money market accounts and the State Treasurer's Investment Pool (STAR Ohio), obligations of the United States Government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities.

The College may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. These institutions may specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. State law does not require security for the public deposits and investments to be maintained in the College's name.

B. Cash on Hand - At June 30, 2014, the College had $2,200 in un-deposited cash on hand which is reported as part of cash and cash equivalents on the Statement of Net Position.

C. Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The College's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

D. Investments - The State Treasurer's Investment Pool (STAR Ohio) is authorized as an investment under both the College's policy and the Ohio Revised Code.

As of June 30, 2014, the primary government had the following investment (based on quoted market prices) and maturity (in years):

Investment Type	Fair Value	Less than 1	Percent of Portfolio
STAR Ohio	$1,017,465	$1,017,465	100%

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy is to invest in allowable investments per the Ohio Revised Code. The Ohio Revised Code limits the purchase of securities to those with a maturity of no more than five years from the date of purchase unless matched to a specific obligation or debt of the College. The College's investment policy also allows the entering into a repurchase agreement with any eligible depository for a period not exceeding thirty days.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Ohio Revised Code limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase. Standard & Poor's has assigned STAR Ohio a rating of AAAm.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have an investment policy that provides for diversification to avoid concentration in securities of one type or securities of one financial institution. 100% has been invested in STAR Ohio.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College is not exposed to custodial credit risk for its investments.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2014 are summarized as follows:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Student Accounts	$5,881,300	$284,753	$5,596,547
Intergovernmental	929,552	0	929,552
Other	924,316	0	924,316
Total Receivables	$7,735,168	$284,753	$7,450,415

NOTE 5 - CAPITAL ASSETS

Capital assets as of June 30, 2014 are summarized as follows:

Cost	Balance 07/01/2013	Additions	Deletions	Balance 06/30/2014
Non-Depreciable Assets				
Land	$225,629	$0	$0	$225,629
Construction in Progress	0	247,070	0	247,070
Total Non-Depreciable Assets	225,629	247,070	0	472,699
Depreciable Assets				
Land Improvements	2,196,543	0	0	2,196,543
Buildings	14,809,029	0	0	14,809,029
Building Improvements	7,071,660	815,479	0	7,887,139
Infrastructure	205,390	0	0	205,390
Leasehold Improvements	4,427,362	0	0	4,427,362
Vehicles	122,510	0	0	122,510
Equipment	5,712,742	315,548	0	6,028,290
Total Depreciable Capital Assets	34,545,236	1,131,027	0)	35,676,263
Accumulated Depreciation				
Land Improvements	(824,274)	(97,925)	0	(922,199)
Buildings	(6,915,379)	(362,132)	0	(7,277,511)
Building Improvements	(1,953,932)	(286,277)	0	(2,240,209)
Infrastructure	(117,841)	(8,216)	0	(126,057)
Leasehold Improvements	(1,796,231)	(198,127)	0	(1,994,358)
Vehicles	(94,643)	(4,763)	0	(99,406)
Equipment	(4,851,498)	(344,479)	0	(5,195,977)
Total Accumulated Depreciation	(16,553,798)	(1,301,919)	0	(17,855,717)
Capital Assets, Net	$18,217,067	$76,178	$0	$18,293,245

NOTE 6 - STATE SUPPORT

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

In addition to the student subsidies, the State of Ohio provides the funding for and constructs major plant facilities on the College's campus. The funding is obtained from the issuance of special obligation bonds by the Ohio Public Facilities Commission, which in turn causes the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of the facility, the Board of Regents turns over control to the College which capitalizes the cost thereof. Neither the obligation for the special obligation bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the financial statements of the College.

These are currently being funded through appropriations to the Ohio Board of Regents by the Ohio General Assembly. Construction in progress for any portion of the facilities being financed by the state agencies for use by the College is recorded on the College's books of account as costs are incurred.

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

Outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's Statement of Net Position. In addition, the appropriations by the Ohio General Assembly to the Board of Regents for payment of debt services are not shown as appropriation revenue received by the College and the related debt service payments are not recorded in the accounts of the College.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

All employees of the College are eligible to participate in one of two cost-sharing, multiple employer defined benefit pension plans. Academic personnel participate in the State Teachers Retirement System and nonacademic personnel participate in the School Employees Retirement System. As further discussed in this note, there is also an alternative retirement plan available.

A. State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. For the fiscal years ended June 30, 2014, 2013 and 2012, plan members were required to contribute 10 percent of their annual covered salaries. The College was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The College's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were $701,317, $727,882, and $824,796, respectively; equal to the required contributions for each fiscal year.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

B. School Employees Retirement System

The College contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org, under *Employers / Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current College rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and death benefits is 13.1 percent. The remaining 0.9 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The College's required contributions for pension obligations to SERS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were $436,453, $425,470, and $466,847, respectively; equal to the required contributions for each fiscal year.

C. Alternative Retirement Plan

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system for academic and administrative college employees of public institutions of higher education, who are currently covered by the School Employees Retirement System or State Teachers Retirement System. The College Board of Trustees adopted such plan effective March 24, 1999. This plan is a defined contribution plan under IRS section 401(a).

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in SERS or STRS and who elect to participate in the alternate retirement program must contribute the employee's share of retirement contributions (10% SERS, 10% STRS) to one of eight private providers approved by the State Department of Insurance. The legislation mandates that the employer must contribute 3.5% to the Retirement System to which the employee would have otherwise belonged. The College also contributes what would be the employer's share of the appropriate retirement system, less the aforementioned 3.5%, to the private provider selected by the employee. The College plan provides these employees with immediate plan vesting. The total employer contributions to the alternative retirement plan for the years ended June 30, 2014, 2013 and 2012 were $263,254, $295,271, and $273,229, respectively, which equaled the required contribution for each year.

NOTE 8 - POSTEMPLOYMENT BENEFITS

The College provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

A. State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of; a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. The 14 percent employer contribution rate is the maximum rate established under Ohio law. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. For the College, these amounts were $50,094, $51,992, and $58,914, for fiscal years 2014, 2013 and 2012 respectively, which equaled the required allocation for each year.

B. School Employees Retirement System

In addition to a cost-sharing multiple employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

2013 was $104.90 for most participants, but could be as high as $335.70 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2014, 2013 and 2012, the actuarially required allocations were 0.74 percent, 0.74 percent, and 0.75 percent, respectively. For the College, contributions for the years ended June 30, 2014, 2013 and 2012, were $24,655, $24,034, and $27,937, respectively, which equaled the required contributions for those years.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, medicare advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2014, 2013 and 2012, the health care allocation was .16 percent, .16 percent and.55 percent, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statute 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 2014, the minimum compensation level was established at $20,525. For the College, the amounts assigned to fund health care benefits, including the surcharge, during the 2014, 2013 and 2012 fiscal years equaled $45,522, $59,746, and $79,782, respectively, which equaled the required allocation for each year.

The SERS Retirement Board establishes 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 upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on the SERS website at www.ohsers.org under *Employers / Audit Resources.*

NOTE 9 - LONG-TERM LIABILITIES

Changes in long-term liabilities are as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Current Portion
Compensated Absences	$575,681	$553,546	$575,681	$553,546	$0
Total Long-Term	$575,681	$553,546	$575,681	$553,546	$0

NOTE 10 - OPERATING EXPENSES BY FUNCTION AND NATURAL CLASS

	Payroll and Benefits	Supplies and Other Services	Utilities and Maintenance	Student Aid and Scholarship	Depreciation Expense	Other Expense	Totals
Instruction	$8,017,835	$689,893	$0	$0	$0	$273,761	$ 8,981,489
Academic support	140,924	500	143,857	52,160	0	61,501	398,942
Student services	1,783,617	425,914	37,987	35,831	0	120,015	2,403,364
Institutional support	2,878,972	615,898	156,541	0	0	965,876	4,617,287
Operation & maintenance of plant	684,360	124,617	1,351,072	0	0	225,540	2,385,589
Student aid	0	0	0	2,117,546	0	0	2,117,546
Public service	830,929	48,328	0	0	0	65,479	944,736
Depreciation	0	0	0	0	1,301,919	0	1,301,919
Total operating expenses	$14,336,637	$1,905,150	$1,689,457	$2,205,537	$1,301,919	$1,712,172	$23,150,872

NOTE 11 - CONTINGENCIES

A. Federal and State Grants

The College participates in certain state and federally-assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of the College, no material grant disbursements will be disallowed.

B. Litigation

The College is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the College's counsel that resolutions of these matters will not have a material adverse effect on the financial condition of the College.

NOTE 12 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft; damage to or destruction of assets; errors and omissions; employee injuries; and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the College has addressed these various types of risk. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION

DESCRIPTION OF THE FOUNDATION

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions
The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

Financial Statement Presentation
SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*, requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of each of the categories is as follows:

Unrestricted Net Assets
Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted Net Assets
Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

Permanently Restricted Net Assets
Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues, Expenses, and Changes in Net Assets as net assets released from restrictions.

There are terminology differences due to the College implementing GASB Statements 63 and 65. During fiscal year 2013 the College implemented the above mentioned statements which resulted in a terminology change for reporting from the term “net assets” to “net position”. Also, the term deferred is used differently by the College. The Statements of Financial Position and the Statement of Activities use this terminology to be consistent with the College’s reporting. However, the terminology has not been changed in this footnote.

With the exceptions of the above mentioned presentation adjustments to conform to the College’s GASB reporting format, no modifications have been made to the Foundation’s financial information in the College’s financial report.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION (Continued)

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments
The Foundation reports investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Net Assets. Unrealized gains and losses are included in the change in net assets. Investments of the unrestricted, temporarily restricted, and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted, and permanently restricted funds.

Donated Service and Facilities
The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of North Central State College, utilizing equipment and facilities of North Central State College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses as required by SFAS 116.

Contributions Receivable
Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met. The Foundation requires an initial minimum balance of $10,000 to establish a scholarship fund.

Prepaid Expenses
Certain payments to vendors for fundraising activities reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets
Capital assets acquired by the Foundation consist of office equipment. All disbursements for capital assets in excess of $1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets not to exceed ten years.

Deferred Income
Deferred income results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred income is recognized as revenue in the period that the fundraising activity actually occurs.

Estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION (Continued)

INVESTMENTS

The various investments in fixed income securities, mutual funds and other investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the financial statements.

At June 30, 2014, investments consisted of the following:

		Maturity			
	Market / Carrying Value	Less Than One Year	1-2 Years	3-5 Years	6-7 Years
Money Market Investments - US Government Obligations	$75,662	$75,662	-	-	-
Corporate Bonds	121,285	72,212	49,073	-	-
Mutual Funds - Fixed Income	811,058	357,742	202,075	245,102	6,139
Mutual Funds - Equity Securities	899,848	899,848	-	-	-
Common Stock	576,911	-	576,911	-	-
ADR / Foreign Equities	192,730	-	192,730	-	-
Preferred Stock	252,799	-	252,799	-	-
ADR / Foreign Preferred	14,630	-	14,630	-	-
REIT	6,581	-	6,581	-	-
Rights and Warrants	34	-	34	-	-
Marketable LLC	5,209	-	5,209	-	-
Partnerships	4,383	-	4,383	-	-
Total	$2,961,130	$1,405,464	$1,304,425	$245,102	$6,139

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: 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 Inputs: 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 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION (Continued)

The fair value of investments held by the Foundation at June 30, 2014 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments	$75,662	$0	$0
Corporate Bonds	121,285	0	0
Mutual Funds – Fixed Income	811,058	0	0
Mutual Funds – Equity Securities	899,848	0	0
Common Stock	576,911	0	0
ADR / Foreign Equities	192,730	0	0
Preferred Stock	252,799	0	0
ADR / Foreign Preferred	14,630	0	0
REIT	6,581	0	0
Rights and Warrants	34	0	0
Marketable LLC	5,209	0	0
Partnerships	4,383	0	0
Total	$2,961,130	$0	$0

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2014 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2014:

Unconditional promises to give before unamortized discount and allowance for uncollectible contributions:

Unrestricted	$29,640
Temporarily restricted	342,100
Permanently restricted	67,115
Gross unconditional promises to give	438,855
Less: Unamortized discount	(27,639)
Less: Allowance for uncollectible contributions	(43,886)
Amounts due:	
Less than one year	$367,330

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION
(Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors.

Scholarships for Students	$95,215
Grants	5,741
Support	1,173,066
Total Released Net Assets	$1,274,022

Temporarily and permanently restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships to the College's students, providing professional development funds to the College staff and purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

The different types of temporarily restricted net assets are classified as follows:

Restrictions for Scholarships and Other		
ADA Ford Educ Aid	$	5,071
Alumni Association		5,500
Bennett		1,272
Brown Respiratory Care		1,823
Cardwell Neer		1,879
Carter Memorial		5,366
Chambers		56
Cobey		2,304
Coleman		2,090
Cress		2,612
Emerson		10,239
Diab		31
Faculty		1,747
Galion FOP		2,363
Garber		6,811
Gimble - Health Chair		39,661
G-R Civic		2,666
G-R Rupp		5,935
Gubkin		907
Hahn		16
Haring		2,876
Jenko		82,926
Kroger		3,868
MIMA - Urban Center		3,857
Martin Speech		239
Necessities		23,635
Necessities - Crawford		11,199
Necessities - Shelby		10,947
Necessities - Wayne		5,623
Nursing		24,718
Orange and Blue		23,322
PTA Fund		3,741

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION
(Continued)

TEMPORARILY RESTRICTED NET ASSETS (Continued)

Restrictions for Scholarships and Other		
Phillips Fund		7,121
Phillips E Troop		3,960
Plotts		545
President Emeritus		2,091
Preston		3,768
RMC		1,927
Scheaffer		959
Searle - PTA		15,448
Searle - RN		15,256
Welsh		4,832
Vetter		500
YES Entrepreneur		8,631
Ambassador		1,500
CDC Small Steps		867
Gimbel Scholarship		13,946
Gorman Fund		3,736
Scholarships (General)		11,228
Mansfield University		4,500
Innovation Fund		14,138
Rable Machine Scholarship		601
Radiology Merit Scholarship		3,591
Tech Prep		4,319
Equipment		10,500
CC Project Fund		9,795
Crawford Cty Project Fund		42,500
Urban Center Fund		65,879
Temporarily Restricted Other		98,845
	$	646,283

PERMANENTLY RESTRICTED NET ASSETS

Endowments:		
ADA Ford Educ Aid	$	20,000
Alumni Association		18,423
Bennett		18,378
Brown Respiratory Care		12,116
Cardwell Neer		10,011
Carter Memorial		31,267
Chambers		4,250
Cobey		19,201
Coleman		21,863
Cress		26,800
Diab		835

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION (Continued)

PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowments:	
Emerson	105,402
Faculty	11,312
Galion FOP	12,876
Garber	28,755
Gimble - Health Chair	560,000
G-R Civic	22,463
G-R Rupp	56,661
Gubkin	10,213
Hahn	1,250
Haring	24,334
Jenko	699,933
Kroger	36,129
MIMA - Urban Center	11,866
Martin Speech	6,758
Necessities	133,306
Necessities - Crawford	54,950
Necessities - Shelby	62,166
Necessities - Wayne	26,275
Nursing	237,398
Orange and Blue	212,843
PTA Fund	34,325
Phillips	80,000
Phillips E Troop	26,673
Plotts Endowment	6,853
President Emeritus	20,320
Preston	35,385
RMC	21,522
Sheaffer	11,658
Searle - PTA	97,750
Searle - RN	97,750
Welsh	53,678
Vetter	12,125
YES Entrepreneur	40,835
Restricted Contributions	58,607
	$ 3,095,515

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 permanently restricted net assets (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.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) 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. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2013.

RICHLAND COUNTY FOUNDATION

During 1991, the Foundation established a "Direct Fund" in which an irrevocable gift was made to the Richland County Foundation. This fund is identified by the Richland County Foundation as the North Central State College Foundation "Endowment Fund" and is subject to the provisions contained within the fund agreement dated December 31, 1991. This fund is the property of the Richland County Foundation, whereby, those funds will be held in perpetuity, and the investment income will be distributed to the Foundation annually to benefit the North Central State College. One of the provisions in this fund agreement, the variance power, concerns the power to vary some of the terms of the agreement. As defined by United States Treasury Regulations, the Richland County Foundation has the right to modify the terms of the fund agreement if in the judgment of the Richland County Foundation's Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

In accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others,* the portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation's Statement of Financial Position as a liability called "Funds Held as Agency Endowments". This amounted to $350,000 at June 30, 2014.

Also, under SFAS No. 136, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2014 totaled $330,278.

INCOME TAXES

The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code, and the organization is exempt from federal and state income taxes.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION
(Continued)

RELATED PARTY

As previously described, the Foundation is affiliated with the College. During the year ended June 30, 2014, the College provided the Foundation with professional services valued at $192,869. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2014, the Foundation provided scholarships and support to the College of $1,274,022.

SUBSEQUENT EVENTS

The Foundation has evaluated events occurring between the end of its most recent fiscal year and December 3, 2014, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

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North Central State College

Single Audit Reports

June 30, 2014

PLATTENBURG
Certified Public Accountants

North Central State College

Schedule of Federal Awards Expenditures

For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor Program Title	CFDA #	Pass Through Entity Number	Disbursements
United States Department of Education			
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$159,232
Federal Direct Student Loans	84.268	N/A	5,148,307
Federal Work-Study Program	84.033	N/A	186,156
Federal Pell Grant Program	84.063	N/A	5,414,009
Total Federal Student Financial Assistance Programs Cluster			10,907,704
TRIO - Student Support Services	84.042A	N/A	198,714
Passed Through the Ohio Department of Education:			
Vocational Education - Basic Grants to States	84.048	3L90	82,281
Race to the Top - ARRA	84.395	3FD0	22,085
Total Passed Through the Ohio Department of Education			104,366
Total United States Department of Education			11,210,784
United States Department of Health and Human Services			
Head Start	93.600	N/A	369,355
Total United States Department of Health and Human Services			369,355
United States Department of Agriculture			
Passed Through the Ohio Department of Education			
Child and Adult Care Food Program	10.558	3L80	41,857
Total United States Department of Agriculture			41,857
Total Federal Financial Assistance			$11,621,996

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal grant transactions of North Central State College (the College) recorded on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* .

NOTE 2 – Federal Direct Student Loans

The College participates in the Federal Direct Student Loan Program. The dollar amounts listed in the schedule of federal awards expenditures represents new loans advanced during the current fiscal year. The College is a direct lender of these loan funds; however, the College is not responsible for collecting these loans in future periods.

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*

Board of Trustees
North Central State College, Richland County, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the North Central State College (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 3, 2014.

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*.

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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.
Columbus, Ohio
December 3, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
North Central State College, Richland County, Ohio

Report on Compliance for Each Major Federal Program

We have audited the North Central State College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 3, 2014, 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 OMB Circular A-133 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.
Columbus, Ohio
December 3, 2014

NORTH CENTRAL STATE COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Section I – Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were the any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): CFDA# 93.600 Head Start Student Financial Assistance Programs Cluster: CFDA# 84.007 Federal Supplemental Educational Opportunity Grants CFDA# 84.268 Federal Direct Student Loans CFDA# 84.033 Federal Work-Study Program CFDA# 84.063 Federal Pell Grant Program	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > $300,000 Type B: all others
(d)(1)(ix)	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

NORTH CENTRAL STATE COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
June 30, 2014

The North Central State College had no prior audit findings or questioned costs.

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NORTH CENTRAL STATE COLLEGE

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 20, 2015