



Dave Yost • Auditor of State



**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ohio Association of Community Colleges  
Franklin County  
175 South Third Street, Suite 560  
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Ohio Association of Community Colleges, Franklin County, (the Association) as of and for the year ended June 30, 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Association's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Association prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Association does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association as of June 30, 2015, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Ohio Association of Community Colleges, Franklin County, as of June 30, 2016, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2017, on our consideration of the Association'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Association's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 11, 2017

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2016**

	General	Special Revenue	Total Governmental Funds
<b>Cash Receipts:</b>			
Membership Dues	\$ 840,000	\$ 474,000	\$ 1,314,000
Intergovernmental		435,220	435,220
Charges for Services	70,828	62,200	133,028
Donations and Contributions		460,124	460,124
Earnings on Investments	1,752	365	2,117
Miscellaneous	800		800
Total Cash Receipts	<u>913,380</u>	<u>1,431,909</u>	<u>2,345,289</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	712,624	764,007	1,476,631
Professional Services	84,141	285,722	369,863
Operations	87,811	19,835	107,646
Equipment, Maintenance & Repair	8,372	3,042	11,414
Financial Aid		24,021	24,021
Food Service	10,982	49,967	60,949
Miscellaneous	36,885	76,160	113,045
Total Cash Disbursements	<u>940,815</u>	<u>1,222,754</u>	<u>2,163,569</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>(27,435)</u>	<u>209,155</u>	<u>181,721</u>
Fund Cash Balances, July 1	<u>169,537</u>	<u>465,458</u>	<u>634,995</u>
Fund Cash Balances, June 30			
Unassigned	142,102		142,102
Restricted		674,613	674,613
Fund Cash Balances, June 30	<u>\$ 142,102</u>	<u>\$ 674,613</u>	<u>\$ 816,715</u>

See the accompanying notes to the financial statements

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 1 - Reporting Entity**

The Ohio Association of Community Colleges (the Association) was established pursuant to Section 167.01, Revised Code, as a regional council of governments consisting of community, state community, and technical colleges. The purpose of the Association is to establish a cooperative working arrangement among the trustees and presidents of the member colleges to assist them in carrying out their official duties and responsibilities in furtherance of the legitimate public purposes of the colleges, as follows:

- To disseminate and exchange information regarding and affecting state-assisted community, state community, and technical colleges in the State of Ohio;
- To promote action for the common good of all member colleges;
- To provide and/or promote opportunities for leadership development and the continuing education of the boards of trustees of the member colleges;
- To promote the goals, objectives, and related activities of the Association; and
- To promote public understanding of the role of Ohio's state-assisted community, state community, and technical colleges.

**Governing Board**

The Association is governed by a Governing Board made up of one trustee designated by each college board of trustees to serve as a delegate and the president of each such college.

The Governing Board consists only of community college districts existing and operating under Ohio Revised Code Chapter 3354, technical college districts existing and operating under Ohio Revised Code Chapter 3357, and/or state community college districts existing and operating under Ohio Revised Code Chapter 3358.

**Executive Committee**

The Executive Committee acts on behalf of the Association and/or the Governing Board in the interim between meetings of the Board. The Executive Committee is comprised of the officers of the Governing Board which includes four Trustees and four Presidents.

**Legislation Committee**

The Legislation Committee makes recommendations to the Association's Governing Board on all matters pertaining to the community college advocacy effort at the state and national levels. It is comprised of eight members (four trustees and four presidents).

**Trustee Education Committee**

The Trustee Education Committee makes recommendations to the Association's Governing Board on all efforts aimed at strengthening and improving community college trusteeship. It is comprised of eight members (four trustees and four presidents).

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016  
(Continued)**

**Note 1 - Reporting Entity (Continued)**

**Blended Component Unit – Center for Development**

In February 2010, the Association formed the Center for Development (the Center), a 501(c)(3) not-for-profit corporation. The Directors were comprised of at least eight and no more than twenty members. Three of the Directors were individuals serving in the positions of Chair-Elect, Vice Chair-Elect and President of the Association. The remaining Directors were elected by the Association's Directors and were divided as equally as possible into three classes. The Center was formed for charitable, educational purposes and to support the activities of the Association. The funding was derived from soliciting and accepting grants from sources, including the general public, foundations, corporations, and governmental entities.

The Center for Development became "inactive" during fiscal year 2012. There was no activity in fiscal year 2016 and the cash fund balance was zero. There is a possibility that the Center for Development may become "active" in the future.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Association's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Association uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Association are presented below

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Association for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Association had the following significant Special Revenue Funds:

**AmeriCorps Grant** – This grant provides funds for the AmeriCorps College Completion Coaches Initiative which provides hands on guidance and assistance to first time community college students who are eligible.

**Gates CBD Grant** – The purpose of this grant is to elevate community college institutional innovations funded by the foundation to model the practice and leadership required of all Ohio community colleges to increase college completion and credential attainment.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Bylaws of the Association require the Treasurer to prepare an annual budget for the General Fund and present it to the Governing Board for approval. A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value

***Capital Assets***

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fiscal Agent***

Lakeland Community College is the fiscal agent for the Association. The Association's funds are maintained as a separate entity in the College's accounting systems.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Association must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Association classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Governing Board can commit amounts via formal action (resolution). The Association must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Association's Governing Board or an Association official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Association applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending June 30, 2016 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$955,500	\$913,380	(\$42,120)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$955,500	\$940,815	\$14,685

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
FRANKLIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016  
(Continued)**

**Note 4 – Deposits and Investments**

The Association maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	2016
Demand deposits – Star Plus	\$433,913
Investments – Star Ohio	382,702
Total demand deposits and Investments	\$816,615

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

The Association maintains \$100 in petty cash which is not included in the above stated amount.

**Note 5 – Risk Management**

**Commercial Insurance**

The Association has obtained commercial insurance for comprehensive property and general liability. The Association also provides health, dental, vision, and life insurance coverage to eligible employees through private carriers.

**Note 6 - Defined Benefit Pension Plans**

The Association's employees belong to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Ohio Revised Code Chapter 3309.

The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within rates allowed by the State. For 2016, members of SERS contributed 10% of their wages to SERS. The Association contributed an amount equal to 14% of their wages. The Association has paid all contributions required through June 30, 2016.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ohio Association of Community Colleges  
Franklin County  
175 South Third Street, Suite 560  
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Ohio Association of Community Colleges, Franklin County, (the Association) as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated May 11, 2017 wherein we noted the Association followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

As part of our financial statement audit, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Association's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Association's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Association's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 11, 2017



# Dave Yost • Auditor of State

**OHIO ASSOCIATION OF COMMUNITY COLLEGES**

**FRANKLIN 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  
JUNE 13, 2017**