RIO GRANDE COMMUNITY COLLEGE

Financial Statements

June 30, 2018

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

Dave Yost • Auditor of State

Board of Trustees
Rio Grande Community College
218 North College Street
P.O. Box 326
Rio Grande, Ohio 45674

We have reviewed the *Independent Auditors' Report* of the Rio Grande Community College, Gallia County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2017 through June 30, 2018. 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 Rio Grande Community College is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 27, 2018

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www. auditor.state.oh.us

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CLARK SCHAEFER HACKETT
CPAs & ADVISORS
14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433 | cshco.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of Rio Grande Community College (the "College"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express an opinion 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters
As discussed in Note 2, the College adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of July 1, 2017. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9), schedules of net pension liabilities and pension contributions (pages 38-39) and the schedules of net OPEB liabilities and OPEB contributions (pages 40-41) 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 Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The schedule of the Board of Trustees is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of the Board of Trustees has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 10, 2018

The discussion and analysis of Rio Grande Community College's financial statements provide an overview of the College's financial activities for the fiscal year ended June 30, 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report
The following activities are included in the financial statements:

Primary Institution (College) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service and support services.

Management's discussion and analysis is focused on the College. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. The Statement of Revenues, Expenses, and Changes in Net Position focus on the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

Financial highlights
The College's financial position improved during fiscal year ended June 30, 2018. During the fiscal year ended June 30, 2018, the College's total revenue exceeded total expenses creating an increase in net position of $518,874 (compared to a $2,204,335 increase from the previous fiscal year). This increase in net position was due primarily to total capital appropriations of $1,046,592. The College had a loss of $527,718 before capital appropriations were considered.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position
One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's Net Position and the changes that occur in them during the year. You can think of the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's Net Position are one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, condition of the buildings and campus, new buildings in off-campus locations opened during the year and the strength of the instructional services to accurately assess the overall health of the College.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

A comparative summary of the major components of the College's Net Position follows:

Net Position
As of June 30

		2018	Revised 2017
Current assets	$	8,783,803	8,527,899
Noncurrent assets:			
Capital assets (net of depreciation)		13,795,702	13,406,712
		22,579,505	21,934,611
Deferred outflows of resources		267,350	372,105
Current liabilities		647,281	808,948
Noncurrent liabilities		1,183,438	1,288,261
		1,830,719	2,097,209
Deferred inflows of resources		1,168,907	881,152
Net position:			
Investment in capital assets		13,795,702	13,406,712
Restricted to capital projects		1,043,041	1,090,189
Unrestricted		5,008,486	4,831,454
	$	19,847,229	19,328,355

Current assets increased by 3.0% from the previous fiscal year primarily due to an increase in overall cash and cash equivalents resulting largely from collection of prior year receivables and grant revenue received at the end of the fiscal year.

The increase in capital assets is due primarily to completion of renovation projects. The total capital asset additions of $1,145,333 were offset by current year depreciation charges of $756,343.

The decrease in current liabilities of $161,667 is due primarily to the decrease in accounts payable and accrued liabilities.

Net OPEB Liability

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, during fiscal year 2018, the College was required to recognize its OPEB liability for the first time, and to more comprehensively measure the annual costs of its post employment benefits other than pensions. The net OPEB liability is the College's proportionate share of the of the net OPEB liability related to its participation in the Public Employee Retirement System (OPERS). Due to a lack of historical information available from the systems, the adoption of GASB Statement No. 75 resulted only in changes to the Statements of Net Position at July 1, 2017 and the Statement of Changes in Net Position for the year ended June 30, 2018. Expenses for fiscal year ending June 30, 2017 have not been restated to reflect the impact of GASB Statement No. 75 because the information is not available to calculate the impact on benefit expense for the fiscal year. At July 1, 2017, the beginning net OPEB liability recognized by the College was $347,489. At June 30, 2018, the College recognized a net OPEB liability of $463,806. In addition, the College recognized deferred inflows of resources of $34,552 and deferred outflows of resources of $88,969 at June 30, 2018.

See Note 2 to the financial statements for more detailed information on the adoption of GASB Statement No. 75 and Note 11 to the financial statements for more detailed information on OPEB plans.

Net Pension Liability

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the College is required to recognize its proportionate share of the net pension liability and to more comprehensively measure the annual costs of pension benefits. At June 30, 2018, the College recognized a net pension liability of $615,495. In addition, the College recognized deferred inflows of resources of $144,269 and deferred outflows of resources of $178,381 at June 30, 2018. See Note 10 to the financial statements for more detailed information on pensions.

Net Position

The decrease in net position restricted to capital projects reflects $248,883 in capital component monies received from the state during the fiscal year, and is offset by $296,031 in payments related to capital projects from these funds. The increase in unrestricted net position is largely a result of an increase in current assets including increases in cash and property taxes receivable.

A comparative summary of the College's revenues, expenses and changes in net position follows:

Operating Results
For the Year Ended June 30

		2018	Revised 2017
Operating revenues:			
Student tuition	$	6,747,740	6,877,496
State grants		418,095	128,691
Auxiliary enterprises		2,548,277	2,726,758
Other		26,253	101,704
Total operating revenues		9,740,365	9,834,649
Operating expenses:			
Educational and general:			
Instructional support		14,736,216	14,677,643
Institutional support		1,840,201	1,554,202
Depreciation		756,343	706,535
Total operating expenses		17,332,760	16,938,380
Operating loss		(7,592,395)	(7,103,731)
Nonoperating revenues:			
State appropriations		6,110,412	6,174,110
Property taxes		896,405	880,077
Investment income		57,860	16,790
Total nonoperating income		7,064,677	7,070,977
Loss before other revenues, expenses, gains or losses		(527,718)	(32,754)
Capital appropriations		1,046,592	2,237,089
Change in net position		518,874	2,204,335
Net position - beginning of year - restated		19,328,355	N/A
Net position - end of year	$	19,847,229	19,328,355

Operating revenues
Operating revenues include all operating transactions of the College, including tuition. In addition, certain federal and state grants are considered operating if they are not for capital purposes and are considered a contract for services.

The decrease in operating revenue of $94,284 is primarily the result of the decrease in student tuition and auxiliary enterprise revenue as enrollment was lower than that of the prior year. The decrease in total student charges of $308,237 (-3.2%) was offset by an increase in grant revenue of $289,404.

Operating expenses
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College and increased by $394,380 from the prior year. The most significant expense for the college is instructional support in the amount of $14,736,216, which consists entirely of instructional services contract payments to the University of Rio Grande (the "University") for instructional and administrative services. The instructional services payment includes 96% of all charges to community college students, including tuition, fees and auxiliary, as well as the State Share of Instruction appropriations and property tax receipts. The instructional services contract increase of $58,573 from the prior year is due a decrease in main campus tuition and auxiliary revenues offset by additional contract payments of $430,000 for presidential services, capital projects, and other operating expense approved by the College Board of Trustees. The instructional services contract represents 85.0% of the College's operating expenses.

Nonoperating revenues
Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of State appropriations, local tax revenues and investment income.

State Share of Instruction appropriations decreased by $63,698 (-1.0%) when compared to 2017. This increase was in accordance with the State funding formula calculations and resulted from the College's decrease in student course and degree completions over the prior three fiscal years.

Total capital appropriations decreased by $1,190,497 (-53.2%) when compared with fiscal year 2017, during which the College acquired a building and land in Jackson, Ohio. For fiscal year 2018, capital appropriations of $1,046,592 primarily funded the renovation of a new nursing and allied health simulation center.

Statement of Cash Flows
Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing.

A comparative summary of the College's cash flows are as follows:

Cash Flows
For the Year Ended June 30

		2018	2017
Net cash from:			
Operating activities	$	(6,392,320)	(5,902,418)
Noncapital financing activities		7,021,374	7,047,001
Capital and related financing activities		(251,381)	(146,626)
Investing activities		57,860	16,790
Change in cash and cash equivalents		435,533	1,014,747
Cash and cash equivalents - beginning of year		5,941,975	4,927,228
Cash and cash equivalents - end of year	$	6,377,508	5,941,975

For the year ended June 30, 2018, the net cash used by operating activities indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and State grants. These costs included the instructional contract with the University. However, this amount is offset by the net cash from noncapital financing activities and is indicative of the tremendous need that the College has for the appropriations from the State and local tax levies. The cash position of the College increased $435,533 from 2017 to 2018, primarily due to an increase in grant revenue and the receipt of 2017 outstanding receivables

Capital assets
At June 30, 2018, the College had $13.8 million invested in capital assets, net of accumulated depreciation of $30.8 million. Depreciation charges totaled $756,343 for the current fiscal year. A comparative summary of these assets is as follows:

Capital Assets, Net of Accumulated Depreciation
As of June 30

		2018	2017
Land and land improvements	$	670,037	686,738
Buildings		7,539,127	7,944,610
Building improvements		5,025,529	4,254,116
Equipment		561,009	521,248
	$	13,795,702	13,406,712

More detailed information about the College's capital assets is presented in the notes to the basic financial statements.

Economic factors that will affect the future

The economic position of the College is closely tied to that of the State. Beginning with the fiscal year ending June 30, 2015, 100% of the funding from State Share of Instruction is based upon student course and degree completions and other student success benchmarks. State appropriations are based on the results of the College's student course and degree completions. For fiscal year 2018, the College's share of state appropriations decreased by $63,698 (-1.0%) when compared to 2017. This increase was in accordance with the State funding formula calculations, and resulted from the College's decrease in student course and degree completions over the prior three fiscal years. Due to the enrollment trends over the last three fiscal years, similar decreases in the College's share of state appropriations are expected to continue for at least the next three fiscal years.

In addition to state appropriations and the local property tax levy, the College is heavily dependent on student tuition and fees. For the 2017-2018 academic year, the state prohibited any increases in tuition for all state funded community colleges. However, the state has permitted the increase of tuition for the 2018-2019 academic year and accordingly the College board has approved an increase in tuition in the amount of $10 per credit hour for the 2018-2019 year. In addition to tuition rates, the College's revenues are heavily dependent upon the number of students enrolled. Since the 2014-2015 academic year, the College's enrollment has decreased by 22%. The reversal of this trend would be beneficial to the College's future financial health.

As described in the Note 13, the College operates through a contract with the University. As part of this contract, the College receives accreditation jointly with the University from the Higher Learning Commission. Also, the University administers the U.S. Department of Education's federal student financial aid program for the students of the College. Thus, the College's future academic offerings, operations, financial aid administration, and tuition revenues are heavily dependent on the operations of the University.

Contacting the College's financial management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Rio Grande Community College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kent Haley, CPA, Chief Financial Officer at Rio Grande Community College, 218 North College Street, P.O. Box 326, Rio Grande, Ohio 45674 or call (740) 245-7236.

Current assets		
Cash and cash equivalents	$	6,377,508
Receivables:		
Tuition (less allowance for uncollectible amount of $868,147)		991,883
Intergovernmental		35,588
Property taxes		1,072,862
Prepaid expenses		305,962
Total current assets		8,783,803
Noncurrent assets		
Capital assets, not being depreciated		515,198
Capital assets, net of depreciation		13,280,504
Total noncurrent assets		13,795,702
Total assets		22,579,505
Deferred outflows of resources		
OPEB		88,969
Pensions		178,381
Total deferred outflows of resources		267,350
Current liabilities		
Accounts payable and accrued liabilities		194,958
Unearned revenue		452,323
Total current liabilities		647,281
Noncurrent liabilities		
Compensated absences		104,137
Net OPEB liability		463,806
Net pension liability		615,495
Total noncurrent liabilities		1,183,438
Total liabilities		1,830,719
Deferred inflows of resources		
Property tax		990,086
OPEB		34,552
Pensions		144,269
Total deferred inflows of resources		1,168,907
Net position		
Investment in capital assets		13,795,702
Restricted:		
Capital projects		1,043,041
Unrestricted		5,008,486
Total net position	$	19,847,229

See accompanying notes to the basic financial statements.

Operating revenues:		
Student tuition and fees (less scholarship discounts and allowances of $59,974)	$	6,747,740
State grants		418,095
Auxiliary enterprises		2,548,277
Other		26,253
Total operating revenues		9,740,365
Operating expenses:		
Instructional contract expense		14,736,216
Lease payment expense		216,000
Bad debt/collection expenses		147,075
Grant expenses		92,459
Salaries		589,592
Fringe benefits		448,718
Advertising/promotions		21,303
Professional fees		21,422
Office expenses		51,970
Travel and conferences		15,834
Dues and subscriptions		29,170
Insurance		12,428
Other expenses		194,230
Depreciation		756,343
Total operating expenses		17,332,760
Operating loss		(7,592,395)
Nonoperating revenues:		
State appropriations		6,110,412
Property taxes		896,405
Investment income		57,860
Total nonoperating revenues		7,064,677
Loss before other revenues, expenses, gains or losses		(527,718)
Capital appropriations		1,046,592
Change in net position		518,874
Net position - beginning of year, as restated (Note 2)		19,328,355
Net position - end of year	$	19,847,229

See accompanying notes to the basic financial statements.

Cash flows from operating activities:	
Tuition and fees	$ 6,601,067
Grants	620,828
Other revenue	26,253
Auxiliary enterprises	2,548,277
Contract payments to University of Rio Grande	(14,654,253)
Grant transfers to University of Rio Grande	(92,459)
Payments to employees for wages & benefits	(864,527)
Payments to vendors	(577,506)
Net cash used by operating activities	(6,392,320)
Cash flows from noncapital financing activities:	
State appropriations	6,110,412
Property taxes	910,962
Net cash provided by noncapital financing activities	7,021,374
Cash flows from capital and related financing activities:	
Capital appropriations	1,046,592
Capital asset purchases	(1,297,973)
Net cash used by capital and related financing activities	(251,381)
Cash flows from investing activities:	
Interest on investments	57,860
Change in cash and cash equivalents	435,533
Cash and cash equivalents - beginning of year	5,941,975
Cash and cash equivalents - end of year	$ 6,377,508

(continued)

See accompanying notes to the basic financial statements.

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (7,592,395)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	756,343
Provision for bad debts	147,075
Changes in assets and liabilities:	
Receivables:	
Tuition	(152,795)
Intergovernmental	202,733
Prepaid expenses	81,963
Deferred outflows - pension and OPEB	104,755
Accounts payable and accrued liabilities	(15,149)
Unearned revenue	6,122
Compensated absences	(1,443)
Net OPEB liability	116,317
Net pension liability	(219,697)
Deferred inflows - pension and OPEB	173,851
Net cash used by operating activities	$ (6,392,320)

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the College are set forth to facilitate the understanding of data presented in the financial statements:

Entity

Rio Grande Community 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 was formed after the creation of a community college district, as defined in Ohio Revised Code Chapter 3354. The College is an institution of higher learning dedicated to providing the residents of the community college district with low-cost higher education in various academic and technical areas, for the purpose of gaining credit for further academic achievement. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by the Boards of County Commissioners within the community college district, with one from each of the four counties in the district (Meigs, Gallia, Jackson and Vinton), and two by joint action of the four counties. A president is contracted by the Board of Trustees through an agreement with the University of Rio Grande (see Note 13). An appointed Chief Financial Officer is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the College.

Financial Statement Presentation

The accompanying financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (“GASB”).

GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities* and subsequent statements issued by GASB, established standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- **Investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The College has no outstanding capital related debt for either year.

- **Restricted** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. This represents amounts for capital construction projects.

- **Unrestricted** – Net position that are not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The College first applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net position is available.

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

Cash and Investments
During fiscal year 2018, investments were limited to certificates of deposit with local institutions and interest-bearing checking accounts. The College makes investments in accordance with the Board of Trustees' policy which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Chief Financial Officer within these policy guidelines. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost, which approximates fair value.

Receivables
Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. All receivables are expected to be collected in full within one year except certain tuition and fees receivables. An allowance for doubtful accounts has been established based upon prior collection experience.

Capital Assets
Capital assets are recorded at cost or, if acquired by gift, at the acquisition value at the date of the gift. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation.

Capital asset additions and improvements with a cost in excess of $1,000 are capitalized and depreciated, except land, on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Buildings	40 years
Building Improvements	20 years
Land Improvements	20 years
Furniture & Fixtures	10 years
Equipment & Vehicles	7 years
Computer Technology	5 years

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the College, deferred outflows of resources are reported on the statement of net position for amounts related to pension and other postemployment benefits as explained in Notes 10 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the College, deferred inflows of resources include property taxes, pension, and other postemployment benefits. Property taxes at June 30, 2018 represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on the statement of net position. Any grants and entitlements received before time requirements are met but after all other eligibility requirements are met are also recorded as a deferred inflow of resources. Deferred inflows of resources related to pension and other postemployment benefits are reported on the statement of net position as explained in Notes 10 and 11.

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (“OPERS”) pension plan and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. OPERS reports investments at fair value.

Compensated Absences
College employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the statement of net position, and as a component of operating expense in the statement of revenue, expenses, and change in net position.

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

Operating and Nonoperating Revenues
The College's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statements No. 34 and 35, including property tax revenue, state appropriations and investment income.

Scholarship Discounts and Allowances
Student tuition is reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Estimates
The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events
The College evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2018.

Budgetary Process
The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is established at the individual fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The key features of the budgetary process are as follows:

Tax Budget: During the Board of Trustees meeting in January, the Treasuer presents the annual tax budget for the following year to the Board for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 15, of each year, for the period July 1 to June 30 of the following year.

Estimated Resources: The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the College by April 1. As part of this certification, the College receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the College must revise its budget so that the total contemplated expenditures during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about July 1, the certificate of estimated resources is amended to include unencumbered fund balances at June 30 of the preceding year. The certificate may be further amended during the year if revenue fluctuations are anticipated.

Appropriations: A temporary appropriation ordinance to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation ordinance must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

Lapsing of Appropriations*:* At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Adoption of New Standards
For the year ended June 30, 2018, the College implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. GASB Statement No. 75 addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard requires the College to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The implementation of this pronouncement required a change in accounting principle adjustment as reported July 1, 2017 (Note 2).

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the College’s fiscal year 2018 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 86 establishes standards on accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement had no effect in the College's fiscal year 2018 financial statements

2. RESTATEMENT OF NET POSITION:

The College recorded compensated absences payable on the Statement of Net Position for the first time at June 30, 2018. The College had not recorded this payable in prior period because the amount was not deemed material. The beginning net position was adjusted as a result of this payable.

In addition, GASB Statement No. 75 for fiscal year 2018 required a restatement of beginning net position. These two items had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$ 19,775,629
Adjustments:	
Compensated Absences Adjustment	(105,580)
Net OPEB Liability	(347,489)
Deferred Outflow – Payments Subsequent to Measurement Date	5,795
Restated Net Position June 30, 2017	$ 19,328,355

Other than employer contributions subsequent to the measurement date, the College made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

3. CASH AND INVESTMENTS:

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities for amounts on deposits not insured by the Federal Depository Insurance Corporation (FDIC). Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio.

Deposits
Custodial credit risk is the risk that in the event of a failure of a depository financial institution to fulfill its obligations, the College will not be able to recover the value of deposits, investments or collateral securities in the possession of an outside party. The College's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

As of June 30, 2018, the College's bank balance was $6,390,116. Of this amount, $1,099,487 was covered by federal depository insurance and the remaining $5,290,629 was exposed to custodial credit risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law.

The College's investment policies are governed by state statutes that authorize the College to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bonds and other State of Ohio obligations, certificates of deposit, and U.S. Government money market funds and repurchase agreements. Such repurchase agreements must be acquired from qualifying Ohio financial institutions, or from registered brokers/dealers.

Interest rate risk – The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the College manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to approximately two years.

Credit risk – It is the College's practice to limit its investments to those explicitly guaranteed by the U.S. government, to STAR Ohio (rated AAAm by Standard & Poor's), or to high yield cash investments with authorized banks which pledge pooled securities as collateral.

Concentration of credit risk – The College places no limit on the amount the College may invest in any one issuer.

4. STATE APPROPRIATIONS:

The College is a State-assisted institution of higher education that receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula determined by the State of Ohio. The College received $6,110,412 of student-based subsidy in fiscal year 2018.

In addition to the student subsidies, the State of Ohio provides funding for the construction of major academic plant facilities on the College's campuses. State funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC).

College facilities are not pledged as collateral for the revenue 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 the State of Ohio. If sufficient monies are not available from this fund, the Ohio Department of Higher Education (ODHE) may assess a special fee uniformly applicable to students in State-assisted institutions of higher education throughout the State.

As a result of the above-described financial assistance, outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to ODHE for payment of debt service and the related debt service payments are not recorded in the College's accounts.

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2018 was as follows:

Classification		Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Land	$	515,198	-	-	515,198
Land improvements		1,198,426	-	-	1,198,426
Buildings		27,825,628	-	-	27,825,628
Building improvements		9,784,138	1,004,960	-	10,789,098
Equipment		4,109,841	140,373	-	4,250,214
Total capital assets		43,433,231	1,145,333	-	44,578,564
Less: accumulated depreciation					
Land improvements		1,026,886	16,701	-	1,043,587
Buildings		19,881,018	405,483	-	20,286,501
Building improvements		5,530,022	233,547	-	5,763,569
Equipment		3,588,593	100,612	-	3,689,205
		30,026,519	756,343	-	30,782,862
Net capital assets	$	13,406,712	388,990	-	13,795,702

Depreciation expense for the fiscal year ended June 30, 2018 was $756,343.

6. FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATIONS:

The accompanying Statement of Revenues, Expenses and Changes in Net Position reflect the natural expense classifications utilized by the College. Functional expense classification would be as follows for the fiscal year ended June 30, 2018:

Educational and General:		
Instructional support	$	14,736,216
Institutional support		1,840,201
Depreciation		756,343
Total	$	17,332,760

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consists of the following at June 30, 2018:

Accounts payable	$	181,847
Payroll, fringe and other liabilities		13,111
Total	$	194,958

8. PROPERTY TAX:

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. First half tax collections are received by the College in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the various counties. Property tax revenue received during calendar year 2018 for real and public utility property taxes represents collections of calendar year 2017 taxes.

2018 real property taxes are levied after April 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after April 1, 2018 and are collected in 2018 with real property taxes.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

The assessed values upon which the fiscal year 2018 taxes were collected for the College are:

		Gallia County	Jackson County	Meigs County	Vinton County
Agricultureal/Residential and Other Real Estate (2017 Valuation)	$	536,617,200	497,813,440	317,077,090	200,212,470
Public Utility Personal (2017 Valuation)		281,730,980	76,302,270	71,810,160	129,385,070
	$	818,348,180	574,115,710	388,887,250	329,597,540
Tax rate per $1,000 of Assessed Valuation		$1.00	$1.00	$1.00	$1.00

The College receives property taxes from Gallia, Jackson, Meigs, Vinton and Hocking Counties. The County Auditors can periodically advance to the College its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources – property tax for that portion not levied to finance current fiscal year operations.

9. RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contract with the University of Rio Grande (see Note 13 for further details), comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Health care insurance coverage is offered to employees through commercial insurance companies.

The College pays the Ohio Bureau of Worker's Compensation a premium based on a rate per $100 of salaries. The rate is calculated based upon accident history and administrative costs.

The College pays all administrative and appointed officials' bonds by statute.

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant changes in coverage from prior years.

10. PENSION PLANS:

Net Pension Liability
The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) state statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of OPERS' plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable and accrued liabilities*.

Plan Description - Ohio Public Employees' Retirement System (OPERS):

Plan Description – College employees participate in OPERS, a cost-sharing multiple-employer public employee retirement system comprised of three separate pension plans: a Traditional Pension Plan, a Combined Plan and a Member-Directed Plan. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, by calling (614) 222-7377, or by visiting the OPERS Web site at www.opers.org.

The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his/her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The OPERS Board of Trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the OPERS Board of Trustees.

Senate Bill (SB) 343 enacted into law new legislation with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. The final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board of Trustees. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members contributions, vested employer contributions and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld or a combination of these options.

Funding Policy – Employer and member contribution rates are established by the OPERS Board of Trustees and limited by Chapter 145 of the Ohio Revised Code. For the year ended December 31, 2017, plan members were required to contribute 14% of their annual covered salary. For 2017, the College was required to contribute 14%, with 13% used to fund pension obligations and 1% used to fund post retirement healthcare obligations. For 2018, the College was required to contribute 14%, all of which was used to fund pension obligations. The 2018 and 2017 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to OPERS was $78,655 for fiscal year 2018. Of this amount, $6,938 is reported in accounts payable and accrued liabilities for fiscal year 2018.

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

At June 30, 2018, the College reported a liability for its proportionate share of the net pension liability of OPERS. The net pension liability presented as of June 30, 2018 was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

The following is information related to the College’s proportionate share, pension expense and deferred inflows and outflows for fiscal year 2018:

Proportionate Share of the Net Pension Liability	$	615,495
Proportion of the Net Pension Liability		0.00392333%
Change in Proportion		0.00024542%
Pension Expense	$	148,360
Deferred Outflows of Resources		
Differences between expected and actual experience	$	629
Change in assumptions		73,555
Change in College's proportionate share and difference in employer contributions		63,368
Contributions subsequent to the measurement date		40,829
	$	178,381
Deferred Inflows of Resources		
Differences between expected and actual experience	$	(12,130)
Net difference between projected and actual earnings on pension plan investments		(132,139)
	$	(144,269)

$40,829 reported as deferred outflows of resources related to pension at June 30, 2018 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2019	$	100,192
2020		5,576
2021		(58,187)
2022		(54,298)
	$	(6,717)

Actuarial Assumptions – OPERS:

The total pension liability in the actuarial valuations were determined using the following actuarial assumptions. These assumptions were as follows for 2017 measurements and applied to all periods included in the measurement period:

Inflation	3.25%
Salary increases	3.25% - 10.75%
Investment rate of return, Including inflation	7.50%, net of investment expenses
Cost-of-living adjustments	
Pre-January 7, 2013 retirees	3.00% simple
Post-January 7, 2013 retirees	3.00% simple through 2018, then 2.15% simple
Mortality tables	RP-2014

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

Long Term Expected Rate of Return The allocation of investment assets within the defined benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The target allocation and long-term arithmetic expected rate of return for each major asset class for 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Arithmetic Expected Real Rate of Return
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5% for 2017 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the College's proportionate share of the net pension liability calculated using the discount rate assumption of 7.50 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate for 2017:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	$ 1,092,962	615,495	217,431

Alternative Retirement Plan (ARP)
All newly hired full-time administrative employees and faculty are eligible to choose an Alternative Retirement Plan (ARP) rather than the Ohio Public Employees Retirement System (OPERS). Once an employee decides to enroll in an ARP or the state retirement plan, the decision is irrevocable during their employment with the College. Employees have 120 days from the date of hire to decide into which retirement system they wish to enroll. If no decision is made, they will be assigned the appropriate state retirement plan based upon the position for which they were hired.

Vesting of contributions made by the College occurs in accordance with the following vesting schedule:

Years of Service	Percentage Vested
Less than 2	0%
2	25%
3	50%
4	75%
5	100%

The seven companies approved to offer an ARP for the College employees are Aetna, Equitable, Great American Life, Lincoln National Life, Nationwide Life, TIAA-CREF and VALIC. No employees have elected to participate in the alternative retirement plan for the year ended June 30, 2018.

403(b) Plan
Effective April 1, 2004, the Rio Grande Community College Board of Trustees approved a 403(b) plan for its employees. The plan calls for the College to match voluntary withholdings of the employee up to 5% of the employee's annual salary.

Vesting of matching contributions made by the College occurs in accordance with the following vesting schedule:

Years of Service	Percentage Vested
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Employees are eligible to participate in the plan after six months of employment with the College. Contributions on behalf of employees for the year ended June 30, 2018 was $9,976.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Net OPEB Liability:

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may, but is not required to, allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of OPERS' plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the year is included in *accounts payable and accrued liabilities*.

Plan Description - Ohio Public Employees' Retirement System (OPERS):

Health Care Plan Description – The College contributes to the 115 Health Care Trust (115 Trust), administered by OPERS for state and local governmental employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. Prior to January 1, 2015, the Plan provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The Plan determines the amount, if any, of the associated health care costs that will be absorbed by the Plan and attempts to control costs by using managed care, case management, and other programs. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the OPERS Comprehensive Annual Financial Report which can be obtained on OPERS' website at www.opers.org.

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess of the cost of the retiree's selected coverage were notionally credited to the retiree's RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member's available RMA balance.

All benefits of the Plan are permitted in accordance with Section 145 of the Ohio Revised Code. The Health Care Trust was established and is administered in accordance with Internal Revenue Code Section 115. Health care coverage does not vest and is not required under statute. As a result, coverage may be reduced or eliminated at the discretion of the Retirement Board. Active employee members do not contribute to the Health Care Plan

Funding Policy – The OPERS funding policy provides for periodic member and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the Plan's external actuary. All contribution rates were within the limits authorized by the ORC. With the assistance of the Plan's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. For 2017, 1% of covered payroll was made to health care. For 2018, 0% of covered payroll was made to health care. The College's contractually required contribution to OPERS was $2,910 for fiscal year 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB:

At June 30, 2018, the College reported a liability for its proportionate share of the net OPEB liability of OPERS. The net OPEB liability presented as of June 30, 2018 was measured as of December 31, 2017 for the OPERS plan. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The College's proportion of the net OPEB liability was based on the College's share of contributions to OPERS relative to the contributions of all participating entities.

The following is information related to the College's proportionate share, OPEB expense and deferred inflows and outflows for fiscal year 2018:

Proportionate Share of the Net OPEB Liability	$	463,806
Proportion of the Net OPEB Liability		0.00427106%
Change in Proportion		0.00083070%
OPEB Expense	$	67,695
Deferred Outflows of Resources		
Differences between expected and actual experience	$	362
Change in assumptions		33,771
Difference between employer contributions and proportionate share of contributions		54,836
	$	88,969
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$	(34,552)
	$	(34,552)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

Year Ended June 30		
2019	$	33,898
2020		33,898
2021		(4,741)
2022		(8,638)
	$	54,417

Actuarial Assumptions – OPERS:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.
Key Methods and Assumptions Used in Valuation of the Total OPEB Liability:

Actuarial valuation date	December 31, 2016
Rolled-forward measurement date	December 31, 2017
Experience study	5-year period ended December 31, 2015
Actuarial cost method	Individual entry age normal
Actuarial Assumptions:	
Single discount rate	3.85%
Investment rate of return	6.50%
Municipal bond rate	3.31%
Wage inflation	3.25%
Projected salary increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Health care cost trend rate	7.5% initial, 3.25% ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

Since the prior measurement date, the single discount rate was decreased from 4.23% to 3.85% based on a change in the municipal bond rate used between measurement dates.

OPERS' allocation of investment assets within the Health Care portfolio is approved by the Retirement Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The Plan's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The target allocation and long-term arithmetic expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation		Long Term Arithmetic Expected Real Rate of Return	
Fixed Income	34.00	%	1.88	%
Domestic Equiteis	21.00		6.37	
REITS	6.00		5.91	
International Equities	22.00		7.88	
Other Investments	17.00		5.39	
Total	100.00	%	4.98	%

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

Discount Rate – A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Healthcare Cost Trend Rates – The following table presents the College's proportionate share of the net OPEB liability calculated using the current period single discount rate of 3.85%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85%) or one percentage point higher (4.85%) than the current rate. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation:

		1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
College's proportionate share of the net OPEB liability	$	616,186	463,806	340,532

		1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
College's proportionate share of the net OPEB liability	$	443,763	463,806	484,509

12. STUDENT FINANCIAL AID:

The student financial aid program of the College is accounted for by the department of student financial aid of the University of Rio Grande, a private institution of higher education (see Note 13). The accounts of the department of student financial aid are not reflected in the accompanying financial statements.

13. INSTRUCTIONAL CONTRACT WITH THE UNIVERSITY OF RIO GRANDE:

The College has a contract with the University of Rio Grande (the “University”) whereby the University agrees to perform instructional services for the College in return for a fee equal to 96% of tuition revenue and state share of instruction. This contract expired June 30, 2017 and in June 2017 was renewed through June 30, 2019. The University provides to the College and its students:

- Instruction in arts and sciences, technical (occupational) studies, adult education and development courses;
- Access to all nonresidential physical facilities of the University on the same basis that such facilities are available to students of the University;
- Activities available to students of the University, such as athletics, clubs, dramatics and other approved activities;
- Student services; including financial aid, career advising, campus policies, etc., and;
- Appropriate office space for the College's administrative offices.

Under the terms of the contract, the University agrees to lease to the College the land necessary for the College to construct buildings. The lease is for $1 for at least 15 years. The buildings are constructed, in whole or in part, with funds provided by the State of Ohio. Upon completion of construction, the University subleases these structures from the College for $1 and provides the operating and maintenance costs necessary to serve the student bodies of both the College and the University.

The amount receivable from the University at June 30, 2018 was $406,363. The amount payable to the University at June 30, 2018 was $88,355.

14. OPERATING LEASE OBLIGATION:

The College has entered into a lease agreement that is considered an operating lease for a building. Total rental expense under the operating lease during the fiscal year ended June 30, 2018 amounted to $216,000. The lease is a two-year lease with renewal options biannually at the same rate for the next 5 years.

On August 31, 2018, the College finalized the purchase of the leased building, thus terminating the operating lease agreement.

15. CONTINGENCIES:

Grants
The College received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the College. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2018. Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

16. SUBSEQUENT EVENTS:

On August 31, 2018, the College finalized the purchase of the previously leased building in Pomeroy, Ohio. The final purchase price was $836,466 and was funded through the College’s existing fund balances.

REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014	2013
Ohio Public Employees Retirement System - Traditional Plan					
College's Proportion of the Net Position Liability (Asset)	0.003923%	0.003678%	0.003431%	0.003131%	0.003131%
College's Proportionate Share of the Net Pension Liability (Asset)	$ 615,495	$ 835,192	$ 594,292	$ 377,634	$ 369,104
College's Covered Payroll	$ 530,040	$ 446,258	$ 405,958	$ 391,908	$ 356,496
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	116.12%	187.15%	146.39%	96.36%	103.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	84.66%	77.25%	81.08%	86.45%	86.36%
Ohio Public Employees Retirement System - Combined Plan					
College's Proportion of the Net Position Liability (Asset)	0.000000%	0.000000%	0.000000%	0.009749%	0.009749%
College's Proportionate Share of the Net Pension Liability (Asset)	$ -	$ -	$ -	$ (3,754)	$ (1,023)
College's Covered Payroll	$ -	$ -	$ -	$ 23,708	$ 21,565
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	N/A	N/A	N/A	15.83%	4.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	137.28%	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2013 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the College's measurement date, which is the prior calendar year-end.

Notes to Required Supplementary Information
Year Ended June 30, 2018

Changes of benefit terms – There were no changes in benefit terms affecting the OPERS plan for the plan year ended December 31, 2017.

Changes of assumptions – There were no changes in assumptions or plan amendments affecting the OPERS plan for the plan year ended December 31, 2017.

	2018	2017	2016	2015	2014	2013	2012
Ohio Public Employees Retirement System - Traditional Plan							
Contractually Required Contribution	$ 78,655	$ 66,255	$ 53,551	$ 48,715	$ 47,029	$ 40,997	$ 31,264
Contributions in Relation to the Contractually Required Contribution	(78,655)	(66,255)	(53,551)	(48,715)	(47,029)	(40,997)	(31,264)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 582,630	$ 530,040	$ 446,258	$ 405,958	$ 391,908	$ 356,496	$ 312,640
Contributions as a Percentage of College Covered Payroll	13.50%	12.50%	12.00%	12.00%	12.00%	11.50%	10.00%
Ohio Public Employees Retirement System - Combined Plan							
Contractually Required Contribution	$ -	$ -	$ -	$ 2,947	$ 2,845	$ 2,480	$ 1,891
Contributions in Relation to the Contractually Required Contribution	-	-	-	(2,947)	(2,845)	(2,480)	(1,891)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ -	$ -	$ -	$ 24,558	$ 23,708	$ 21,565	$ 18,910
Contributions as a Percentage of College Covered Payroll	13.50%	12.50%	12.00%	12.00%	12.00%	11.50%	10.00%

(1) - Information prior to 2012 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

Ohio Public Employees Retirement System	2017	2016
College's Proportion of the Net OPEB Liability	0.004271%	0.003440%
College's Proportionate Share of the Net OPEB Liability	$ 463,806	$ 347,489
College's Covered Payroll	$ 530,040	$ 446,258
College's Proportionate Share of the Net OPEB Liability as a percentage of its Covered Payroll	87.50%	77.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

(1) Information prior to 2016 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the College's measurement date, which is the prior calendar year-end.

Notes to Required Supplementary Information
Year Ended June 30, 2018

Changes of benefit terms – There were no changes in benefit terms affecting the OPERS plan for the plan year ended December 31, 2017.

Changes of assumptions – There were no changes in assumptions or plan amendments affecting the OPERS plan for the plan year ended December 31, 2017.

	2018	2017	2016
Ohio Public Employees Retirement System			
Contractually Required Contribution	$ 2,910	$ 7,676	$ 8,975
Contributions in Relation to the Contractually Required Contribution	(2,910)	(7,676)	(8,975)
Contribution Deficiency (Excess)	$ -	$ -	$ -
College Covered Payroll	$ 582,630	$ 530,040	$ 446,258
Contributions as a Percentage of College Covered Payroll	0.50%	1.50%	2.00%

'(1) Information prior to 2016 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

SUPPLEMENTAL INFORMATION

College Location	Mailing Address
218 North College Street Rio Grande, Ohio 45674	P.O. Box 326 Rio Grande, Ohio 45674

Board of Trustees	Title	Appointed By	Term of Office
Mr. Mick Davenport	Trustee	Meigs County [1]	08/17/15-08/17/20
Ms. Mary Lynne Jones	Trustee	Gallia County [1]	10/11/12-10/11/17
Mr. Andrew R. Adelmann, Jr.	Trustee	Vinton County [1]	09/11/16-09/10/21
Mr. Paul M. Reed	Trustee	Joint Commissioners [2]	09/11/15-09/10/20
Mr. Jody W. Walker	Trustee	Joint Commissioners [2]	11/02/11-11/01/21
Dr. Jill Neff	Trustee	Governor	03/28/18-10/10/20
Mr. Lawrence Kidd	Trustee	Governor	10/11/15-10/10/20[3]
Mr. Joshua Smith	Trustee	Governor	03/28/18-10/10/21
Ms. Bobbi Montgomery	Trustee	Jackson County [1]	12/30/16-12/30/21

[1] – Appointed by the Board of County Commissioners

[2] – Appointed by action of the joint Boards of County Commissioners of Gallia, Jackson, Meigs, and Vinton Counties.

[3] – Mr. Lawrence Kidd resigned from the Board of Trustees, effective June 29, 2018. Mr. Samuel L. Brady, Sr. was appointed by the Governor to fill this seat, effective 9/5/2018.

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433 | cshco.com

INDEPENDENT AUDITORS' 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
Rio Grande Community College
Rio Grande, 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 Rio Grande Community College (the "College"), as of and for the year ended June 30, 2018, 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 10, 2018, wherein we noted the College adopted the provisions of GASB Statement No. 75 for fiscal year 2018.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 10, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Section II – Financial Statement Findings

None noted

Section III – Summary of Prior Audit Findings

None noted

RIO GRANDE COMMUNITY COLLEGE

GALLIA 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 8, 2019

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov