



Mary Taylor, CPA  
Auditor of State



**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

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Mary Taylor, CPA  
Auditor of State

Ohio Association of Community Colleges  
Clark County  
175 South Third Street, Suite 560  
Columbus, Ohio 43215

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Association to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 26, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ohio Association of Community Colleges  
Clark County  
175 South Third Street, Suite 560  
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the accompanying financial statement of the Ohio Association of Community Colleges, Clark County, (the Association) as of and for the year ended June 30, 2010. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this financial statement 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Association has prepared the accompanying financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement presents, GAAP requires presenting entity wide statements and also presenting the Association's larger (i.e. major) funds separately. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Associations to reformat their statements. The Association has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended June 30, 2010 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of June 30, 2010, or its change in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances of the Ohio Association of Community Colleges, Clark County, as of June 30, 2010, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2010, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 26, 2010



**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>			
Intergovernmental		\$130,000	\$130,000
Dues	\$516,755		516,755
Special Assessment Dues	48,040		48,040
Conference Registration	49,324		49,324
Interest on Investments	1,655		1,655
All-Ohio Academic Team	29,400		29,400
Survey Revenue	42,815		42,815
Miscellaneous	30,000		30,000
Total Cash Receipts	<u>717,989</u>	<u>130,000</u>	<u>847,989</u>
<b>Cash Disbursements:</b>			
Management Salaries	312,651		312,651
Support Staff	34,662		34,662
Professional Fees	106,233	200,780	307,013
Retirement Contributions	47,509		47,509
Medicare Tax Contributions	5,011		5,011
Insurance	48,040		48,040
Supplies	3,434		3,434
Conferences & Committees	64,632	44,955	109,587
Travel	1,544	6,119	7,663
Meals & Catering	39,070		39,070
Subscriptions & Publications	3,493	1,537	5,030
Organizational Dues & Fees	1,890		1,890
Printing Supplies	3,486		3,486
Telephone	7,268		7,268
Freight and Postage	925		925
Equipment Maint. Contracts, Maint. & Repair	9,098		9,098
Rentals	24,478		24,478
Purchased Services	9,716		9,716
Equipment	5,293	1,011	6,304
Workers Compensation	1,503		1,503
Administrative Overhead		30,000	30,000
Miscellaneous	5,808		5,808
Total Cash Disbursements	<u>735,744</u>	<u>284,402</u>	<u>1,020,146</u>
Total Cash Receipts Over Cash Disbursements	(17,755)	(154,402)	(172,157)
Cash Balances, July 1	<u>375,606</u>	<u>890,032</u>	<u>1,265,638</u>
Cash Balances, June 30	<u>\$357,851</u>	<u>\$735,630</u>	<u>\$1,093,481</u>

*The notes to the financial statement are an integral part of this statement*

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**Governing Board**

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

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

**Executive Committee**

The Executive Committee acts on behalf of the Association and/or the Governing Board in the interim between meetings of the Board. The Executive Committee is comprised of the officers of the Governing Board, the Legislation Committee Chairperson, the Trustee Education Committee Chair person, one member Trustee, and one member President.

**Legislation Committee**

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

**Trustee Education Committee**

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

The Association's management believes these financial statements present all activities for which the Association is financially accountable.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association classifies its fund into the following type:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**2. Special Revenue Fund**

**Ohio Board of Regents (OBR) Grant** – This grant from the Ohio Board of Regents provides funds for program development and support in support of the Strategic Plan for Higher Education 2008 – 2017.

**Ohio College Access Network Grant** – This grant from the Ohio College Access Network (OCAN) provides funds for the creation and implementation of the OCC Center for Development.

**OBR DEI Grant** - This grant from the OBR provides funds for the development of an agenda and the calling of meetings of the Ohio Developmental Initiative Policy Team and routine convening of the five Ohio DEI colleges.

**NAM Project Grant** - This grant from Lorain County Community College provides funds for the development and completion of a map of assets useful to state-wide deployment of the NAM-Endorsed Skills Certification System.

**OBR Apprenticeship Grant** - This grant from the OBR provides funds for the completion of the early adopter apprenticeship program (Electrical Trades) for state-wide articulation and transfer as well as the marketing and completion of products and processes to constituents and to initiate additional trades for state-wide articulation and transfer.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Fiscal Agent**

Clark State Community College became the Association's fiscal agent on July 1, 1996. Association funds are maintained in a separate agency fund at the College.

**F. Budgetary Process**

The Bylaws of the Association require the Treasurer to prepare an annual budget and present it to the Governing Board for approval.

A summary of 2010 budgetary activity appears in Note 3.

**G. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

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

**2. CASH AND INVESTMENTS**

The Association invests all of its funds in STAR Ohio. The carrying amount of investments at June 30, were as follows:

Star Ohio	2010 \$1,093,381
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**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Association maintains \$100 petty cash which is not included in the above stated amounts.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending June 30, 2010 follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 754,035	\$ 717,989	(\$36,046)

  

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 754,035	\$ 735,744	\$ 18,291

**OHIO ASSOCIATION OF COMMUNITY COLLEGES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**4. RETIREMENT SYSTEMS**

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

The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within rates allowed by the State. For 2010, members of SERS contributed 10% of their wages to SERS. The Association contributed an amount equal to 14% of their wages. The Association has paid all contributions required through June 30, 2010.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

The Association also provides health, dental, vision, and life insurance coverage to eligible employees through private carriers.



# Mary Taylor, CPA

## Auditor of State

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

Ohio Association of Community Colleges  
Clark County  
175 South Third Street, Suite 560  
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the financial statements of the Ohio Association of Community Colleges, Clark County, (the Association) as of and for the year ended June 30, 2010, and have issued our report thereon dated August 26, 2010, wherein we noted the Association prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above

#### **Compliance and Other Matters**

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

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Ohio Association of Community Colleges  
Clark County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Association. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

August 26, 2010





**Mary Taylor, CPA**  
Auditor of State

**OHIO ASSOCIATION OF COMMUNITY COLLEGES**

**CLARK 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  
OCTOBER 7, 2010**