



Dave Yost • Auditor of State

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

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

To the Members of the Governing Board:

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 government 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 28, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Governing Board:

We have audited the accompanying financial statements of the Ohio Association of Community Colleges, Franklin County, Ohio (the Association) as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Association's management. 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 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 these financial statements 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 statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require 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 the Association 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 statements referred to above for the year ended June 30, 2012 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, 2012, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Ohio Association of Community Colleges, Franklin County, as of June 30, 2012, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

December 28, 2012

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGE IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012**

	Governmental Fund Type		
	General	Special Revenue	Total Governmental Funds
Cash Receipts:			
Membership Dues	\$ 595,500	\$ 595	\$ 596,095
Intergovernmental	-	30,000	30,000
Charges for Services	29,163	33,250	62,413
Donations and Contributions	-	333,800	333,800
Earnings on Investments	440	-	440
Miscellaneous	-	15,186	15,186
Total Cash Receipts	<u>625,103</u>	<u>412,831</u>	<u>1,037,934</u>
Cash Disbursements:			
Salaries and Benefits	433,671	137,529	571,200
Professional Services	129,297	177,460	306,757
Operations	55,998	23,160	79,158
Equipment, Maintenance & Repair	14,372	-	14,372
Financial Aid	-	22,500	22,500
Food Service	11,913	47,766	59,679
Miscellaneous	25,835	2,382	28,217
Total Cash Disbursements	<u>671,086</u>	<u>410,797</u>	<u>1,081,883</u>
Total Cash Receipts Over Cash Disbursements	(45,982)	2,034	(43,949)
Cash Balances, July 1	<u>349,816</u>	<u>515,953</u>	<u>865,769</u>
Cash Balances, June 30			
Unassigned	303,834	(10,774)	293,059
Restricted	-	528,762	528,762
Cash Balances, June 30	<u>\$ 303,834</u>	<u>\$ 517,987</u>	<u>\$ 821,821</u>

See the accompanying notes to the financial statements

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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 which includes four Trustees and four Presidents.

Legislation Committee

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

Trustee Education Committee

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

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

Blended Component Unit – Center for Development

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

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

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. All investments are with Star Ohio.

STAR Ohio is recorded at share values reported by the fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Association had the following significant Special Revenue Fund:

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Center for Development (OACC Foundation) – This fund was established to facilitate, develop, implement and operate fundraising and grant administration efforts on behalf of the OACC.

E. Fiscal Agent

Lakeland Community College became the Association's fiscal agent on July 1, 2010. Association funds are maintained as a separate entity on the College's accounts.

F. Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Bylaws of the Association require the Treasurer to prepare an annual budget for the General Fund and the Center for Development and present it to the Governing Board for approval.

A summary of 2012 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.

I. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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:

	2012
Investment - STAR Ohio	\$821,822

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 669,772	\$ 625,103	\$(44,669)
Center for Development	278,500	186,601	(91,899)

During the fiscal year, the Ohio College Access Network (OCAN) Grant Fund – Special Revenue Fund Type transferred \$150,000 to the Center for Development – Special Revenue Fund Type.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 669,772	\$ 662,500	\$7,272
Center for Development	278,500	197,487	81,013

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 2012, 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, 2012.

5. RISK MANAGEMENT

Commercial Insurance

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

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Dave Yost • 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
Franklin County
175 South Third Street, Suite 560
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

We have audited the financial statements of the Ohio Association of Community Colleges, Franklin County, Ohio, (the Association) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012, wherein we noted the Association followed accounting practices the Auditor of State prescribes 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 opinion 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*.

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

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Dave Yost
Auditor of State

December 28, 2012



Dave Yost • Auditor of State

OHIO ASSOCIATION OF COMMUNITY COLLEGES

CUYAHOGA 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 10, 2013