EDISON STATE COMMUNITY COLLEGE

ANNUAL REPORT
WITH SUPPLEMENTAL INFORMATION

June 30, 2015 and 2014

Dave Yost · Auditor of State

Board of Trustees
Edison State Community College
1973 Edison Drive
Piqua, OH 45356

We have reviewed the *Independent Auditor's Report* of the Edison State Community College, Miami County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2014 through June 30, 2015. 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 Edison State Community College is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

November 23, 2015

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

This page intentionally left blank.

EDISON STATE COMMUNITY COLLEGE
Piqua, Ohio

ANNUAL REPORT
June 30, 2015 and 2014

CONTENTS

EDISON STATE COMMUNITY COLLEGE
Board of Trustees and Administrative Personnel
June 30, 2015

College Administration	**Title**
Dr. Doreen Larson	President (As of July 1, 2015)
Dr. Karen Rafinski	Interim President (Through June 30, 2015)
Dr. Patti Ross	Senior Vice President of Academic Affairs
Mr. John Shishoff	Vice President of Administration and Finance
Mrs. Kim Horton	Vice President of Institutional Advancement
Mr. Scott Burnam	Vice President of Student Affairs
Mrs. Linda Peltier	Executive Director of Human Resources
Mr. Thomas Fryman	Controller
Ms. Kathi Richards	Director of Financial Aid

Insurance
All employees are insured through the Ohio Association of Community Colleges (OACC) Risk Management and Insurance Program for $1,000,000. The effective date of the policy is November 1, 2014 to November 1, 2015.

Legal Counsel
Mike DeWine, Ohio Attorney General
Education Section
30 E. Broad St., 16th Floor
Columbus, OH 43215

College Location
1973 Edison Drive
Piqua, Ohio 45356

plante moran

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Edison State Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Edison State Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Edison State Community College's basic financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edison State Community College and its discretely presented component unit as of June 30, 2015 and 2014, and the changes in its financial position and, where applicable, cash flows, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Edison State Community College

Emphasis of Matter

As discussed in Note 1, during the year ended June 30, 2015, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 68, A*ccounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date.* In accordance with Statement No. 68, the College is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. These Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinion is 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, schedule of pension funding progress, and schedule of contributions on pages 5-15, and page 41, respectively, 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, which 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Edison State Community College's basic financial statements. The schedule of expenditures of federal awards as identified in the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133*, Audits of States, Local Governments, and Non-profit Organizations,* and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards as identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards as identified in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Edison State Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2015 on our consideration of Edison State Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Edison State Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Edison State Community College's (the "College") financial statements provides an overview of the College's financial activities as of and for the years ended June 30, 2015, 2014 and 2013. Management has prepared the financial statements and the related disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with College management.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This Statement requires a comprehensive look at the entity as a whole and presents a long-term view of the entity's finances. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* which applies these standards to public colleges and universities.

The standards require three basic financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements in the above-referred format, notes to financial statements, and supplemental information.

These statements include all assets and liabilities under the accrual basis of accounting, which is the same as the accounting used by most private sector institutions. All of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

Financial Highlights

In the fiscal year ended June 30, 2015, the College's revenue and other support exceeded expenses, creating an increase in net position of $68,102. Although revenue increased from fiscal year 2014 due to an increase in state funding, operating expenses also increased, driven primarily by increased healthcare costs, as noted in the following analysis. In addition, the cash and short-term investment position of the College increased by $728,975.

The Statements of Net Position and the Statements of Revenue, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is whether the College, as a whole, is better off or worse off as a result of the year's activities. The Statements of Net Position and the Statements of Revenue, 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. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. Other indicators of the College's overall health must also be considered. These include the trend and quality of applicants, class size, student retention, strength of faculty, condition of the buildings, and the safety of campus. All are necessary to assess the overall health of the College. The College's financial position was stronger at June 30, 2014 than it was in the prior year. In fiscal year 2014, improvements resulting from cost containment and a smaller increase in tuition rates (compared to 2013) were offset by reduced enrollment, support from the Foundation, and capital grants and appropriations. The College's financial position was lower at June 30, 2015 than it was in the prior year. In fiscal year 2015, improvements resulting from increased state funding were offset by reduced enrollment and increased personnel costs resulting from a 34% increase in health insurance rates. Also during fiscal year 2015, the College was required to recognize its unfunded pension benefit obligation for the first time and to more comprehensively measure the annual costs of pension benefits in accordance with GASB Statement No. 68.

The following is a summary of the major components of net position and operating results of the College as of and for the years ended June 30, 2015, 2014, and 2013:

	2015	2014	2013
Current assets	$ 7,580,506	$ 7,480,827	$ 6,407,234
Noncurrent assets			
Capital assets - Net	16,604,898	16,867,081	17,191,360
Other	1,422,043	1,710,180	1,874,366
Total assets	25,607,447	26,058,088	25,472,960
Deferred outflows of resources			
Pension costs	1,002,088	-	-
Deferred charge on bond refunding	186,028	-	-
Total deferred outflows of resources	1,188,116	-	-
Current liabilities	$ 2,054,544	$ 2,222,061	$ 1,977,367
Noncurrent liabilities	16,102,528	3,105,398	3,343,108
Total liabilities	18,157,072	5,327,459	5,320,475
Deferred inflows of resources - Pension costs	1,862,995	-	-
Net position			
Net investment in capital assets	14,035,315	14,077,624	14,167,866
Restricted - Expendable	1,286,885	1,749,835	1,984,330
Unrestricted	(8,546,704)	4,903,170	4,000,289
Total net position	$ 6,775,496	$ 20,730,629	$ 20,152,485

Note: June 30, 2014 and 2013 balances have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on the College's net position at that date.

	Years Ended June 30		
	2015	2014	2013
Operating revenues			
Student tuition and fees	$ 7,929,824	$ 8,707,865	$ 9,428,694
Less grants and scholarships	(4,021,868)	(4,721,331)	(5,229,300)
Net student tuition and fees	3,907,956	3,986,534	4,199,394
Federal grants and contracts	198,490	213,438	204,953
State and local grants and contracts	169,548	59,661	107,994
Auxiliary activities	254,236	243,936	268,717
Other operating revenues	107,585	154,326	226,182
Total operating revenues	4,637,815	4,657,895	5,007,240
Operating expenses			
Educational and general instruction:			
Instruction	6,451,172	6,246,817	6,793,019
Public service	527,099	553,757	664,912
Academic support	1,024,096	1,023,922	1,024,190
Student services	2,112,952	1,836,506	1,867,473
Institutional support	4,037,722	4,049,169	3,986,542
Plant operations and maintenance	1,403,770	1,500,192	1,496,789
Depreciation	1,005,554	1,014,055	1,003,589
Student aid	173,419	181,297	192,189
Auxiliary enterprises - bookstore	8,489	9,223	12,390
Total operating expenses	16,744,273	16,414,938	17,041,093
Operating loss	(12,106,458)	(11,757,043)	(12,033,853)
Nonoperating revenues (expenses) and other revenues			
Federal grants and contracts	3,900,506	4,585,924	5,093,261
State appropriations	7,691,660	6,957,876	6,619,428
Interest expense	(105,779)	(149,624)	(159,973)
Other nonoperating revenues	197,847	266,209	276,430
Capital grants	125,223	222,739	222,739
Capital appropriations	365,103	452,063	-
Total nonoperating revenues and other revenues	12,174,560	12,335,187	12,051,885
Change in net position	$ 68,102	$ 578,144	$ 18,032

Note: Amounts for the years ended June 30, 2014 and 2013 have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on the College's pension expense for fiscal years prior to the fiscal year ended June 30, 2015.

Operating Revenue

Operating revenue includes all revenue from exchange transactions such as tuition and fees, as well as income from sales of goods and services such as bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for service.

The following factors had a significant impact on the fiscal year 2015 operating revenue:

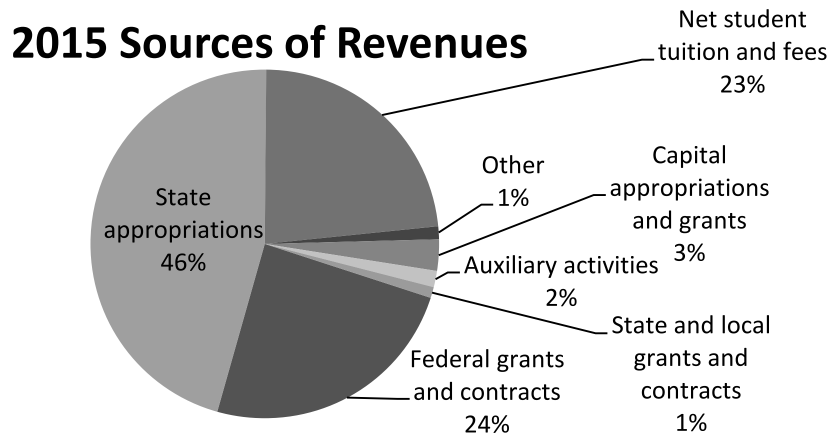
- Gross student tuition and fees decreased by 8.9%, or $778,041, because academic year 2014/2015 enrollment was down by 8.9% as compared to the prior year. The enrollment decline was partially offset by an increase in tuition and fees of approximately $3.33 per credit hour, or 2.4%. Net student tuition and fees decreased by $78,578, or 1.97%, due to a reduction in indirect costs related to Federal Pell Grant awards (which are reported as a reduction in net student tuition and fees) of $682,722, or 15% of net student tuition and fees. Note that decreases in indirect costs for Pell Grants are offset by similar increases in revenues from Pell Grants, which are reported as other revenues from federal grants and contracts.

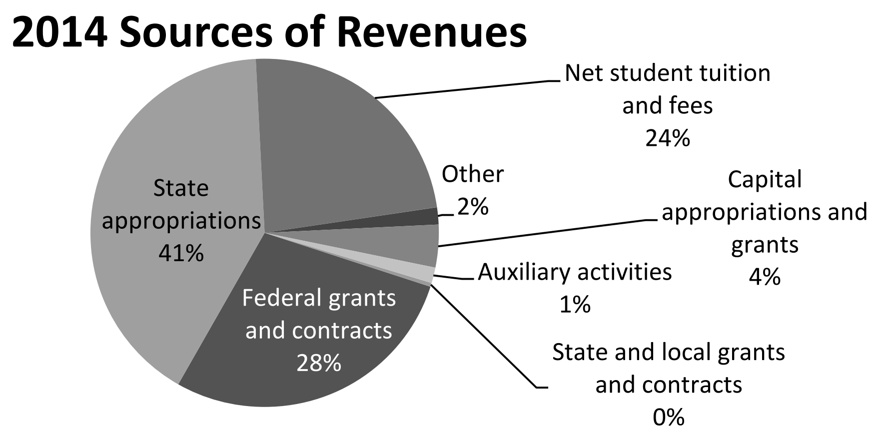
- State and local grants and contracts increased 184.2%, or $109,887 compared to fiscal year 2014 due primarily to two new grants recognized during fiscal year 2015. Grant revenue totaling $80,245 and $43,375 from the Ohio Means Internships & Co-Ops Program and the Greater Northwest Ohio Tech Prep Consortium, respectively, were recognized during fiscal year 2015 whereas these two programs had little to no activity during fiscal year 2014. Increases resulting from these new programs were offset by a decrease in funding for the Small Business Development Center of $16,787 as a result of vacancy in the director's position for one quarter of the fiscal year.

The following factors had a significant impact on the fiscal year 2014 operating revenue:

- Gross student tuition and fees decreased by 7.6%, or $720,829, because academic year 2013/2014 enrollment was down by 8.6% as compared to the prior year. The enrollment decline was partially offset by an increase in tuition and fees of approximately $3.33 per credit hour, or 2.4%. Net student tuition and fees decreased by $212,860, or 5.1%, due to a reduction in indirect costs related to Federal Pell Grant awards (which are reported as a reduction in net student tuition and fees) of $505,629, or 12% of net student tuition and fees. Note that decreases in indirect costs for Pell Grants are offset by similar increases in revenues from Pell Grants, which are reported as other revenues from federal grants and contracts.

The following is a graphic illustration of total revenue by source:





Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and functions of the College.

Fiscal year 2015 expenses were affected by the following:

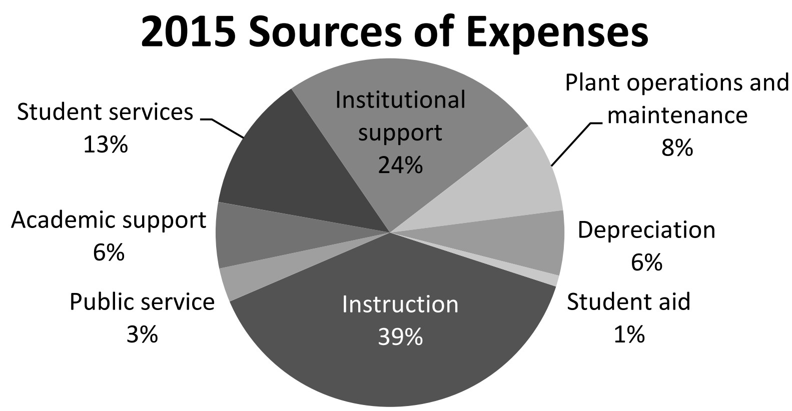
- Instructional spending increased $204,355, or 3.3%, primarily due to increased personnel costs. During fiscal year 2015, the College recognized a full year of campus-wide pay increases that were only implemented for a half year in fiscal year 2014. In addition, the College experienced a significant 34% increase in health insurance costs starting at the beginning of fiscal year 2015. Therefore, while savings were recognized by reducing course offerings due to decreased enrollment, these savings were more than offset by increased personnel costs.

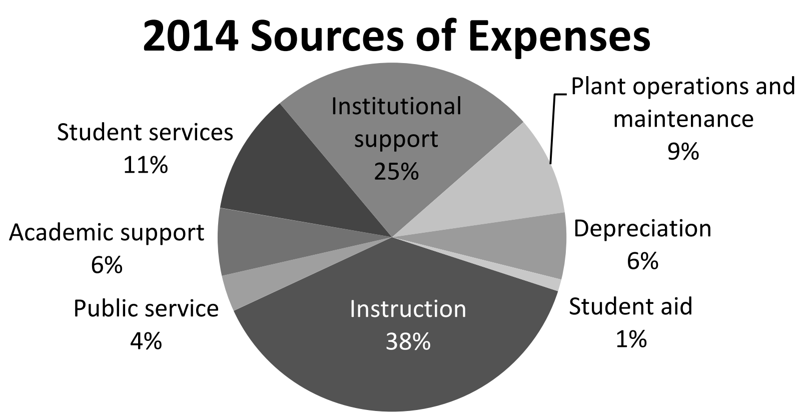
- Student services spending increased $276,446, or 15.1%, due primarily to increased personnel costs as discussed above. These increases in personnel costs impacted all departments campus-wide, with the largest dollar increases occurring in the departments in which personnel costs constitute the largest portion of overall costs.

Fiscal year 2014 expenses were affected by the following:

- Instructional spending was down by $546,202, or 8.0%, primarily because lower enrollment enabled the College to reduce the number of course sections offered, thus reducing the expense of part-time faculty.
- Public services spending decreased $111,155, or 16.7%, due primarily to a reorganization which allowed for savings in the Business & Industry office and the transfer of the Police Academy from the Business & Industry office to Instruction.

The following is a graphic illustration of total expenses by function:





Nonoperating Revenues and Other Changes

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature and consist primarily of revenue from state appropriations and certain federal grants and contracts.

Fiscal year 2015 nonoperating revenues and other changes were significantly affected by the following factors:

- Federal grants and contracts were $685,418, or 15.0%, lower than the prior year primarily due to a decrease in Federal Pell Grant awards during fiscal year 2015. Pell Grants decreased $683,962, or 14.9%, from the prior year.
- State appropriations increased $733,784, or 10.6%, from fiscal year 2014 to fiscal year 2015 due to a change in the State of Ohio funding model from a model based 50% on enrollment and 50% on student success and course completion, to a model based 100% on student success and course completion. The College increased its share of the funds designated for community colleges by the State of Ohio due to a strong focus on student success and completion.

Fiscal year 2014 nonoperating revenues and other changes were significantly affected by the following factors:

- Federal grants and contracts were $507,337, or 10.0%, lower than the prior year primarily due to a decrease in Federal Pell Grant awards during fiscal year 2014. Pell Grants decreased $508,793, or 10.0%, from the prior year.
- State appropriations increased $338,448, or 5.1%, from fiscal year 2013 to fiscal year 2014 due to a change in the State of Ohio funding model from a model based entirely on enrollment to a model based 50% on enrollment and 50% on student success and course completion. The College increased its share of the funds designated for community colleges by the State of Ohio due to a strong focus on student success and completion.
- Capital appropriations from the State of Ohio totaled $452,063 in fiscal year 2014, compared to $0 in fiscal year 2013. Capital appropriations in fiscal year 2014 were used to replace several boilers on campus, to replace the roof on the North Hall, and to construct a new parking lot and sidewalk on campus, a project that was in process at the end of the fiscal year.

Statement of Cash Flows

Another way to assess the financial health of the 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 the 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
- Its needs for external financing

Cash Flows for the Years Ended June 30, 2015, 2014, and 2013

	2015	2014	2013
Cash (used in) provided by:			
Operating activities	$ (11,701,470)	$ (10,356,060)	$ (10,823,528)
Noncapital financing activities	12,717,608	10,677,861	11,947,879
Capital and related fnancing activities	(616,149)	(392,980)	(536,703)
Investing activities	(487,334)	(1,246,680)	948,984
Net (decrease) increase in cash and cash equivalents	(87,345)	(1,317,859)	1,536,632
Cash and cash equivalents - beginning of year	1,993,975	3,311,834	1,775,202
Cash and cash equivalents - end of year	$ 1,906,630	$ 1,993,975	$ 3,311,834

The College's cash position decreased by $87,345 in fiscal year 2015. The cash balance decreased primarily due to fluctuations in short term, operational asset and liability accounts.

The College's cash position decreased by $1,317,859 in fiscal year 2014. The cash balance decreased primarily due to increased investment of funds during fiscal year 2014. The College's unrestricted investments increased by nearly $1,450,000 from fiscal year 2013.

Capital Assets

As of June 30, 2015, the College had approximately $33.3 million in capital assets, less accumulated depreciation of $16.7 million, for a net of $16.6 million invested. Depreciation charges totaled approximately $1 million for the current and prior two fiscal years.

The net book value of capital assets at June 30, 2015, 2014, and 2013 is as follows:

	2015	2014	2013
Land and land improvements	$ 1,018,399	$ 739,258	$ 736,236
Building and improvements	5,600,932	6,034,922	6,319,967
Student conference center	2,879,098	3,046,104	3,214,342
Center for Excellence	5,838,292	5,996,925	6,155,558
Equipment	848,524	957,756	765,257
Internally developed software	215,702	-	-
Construction in progress	203,951	92,116	-
Total	$ 16,604,898	$ 16,867,081	$ 17,191,360

Net Pension Liability

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015, the College was required to recognize its unfunded pension benefit obligation as a liability for the first time, and to more comprehensively measure the annual costs of pension benefits. The net pension liability is the College's proportionate share of the obligation from the pension plans in which the College employees participate. Due to a lack of historical information available from the pension plans, the adoption of GASB Statement No. 68 resulted only in changes to the Statements of Net Position at June 30, 2015 and the Statement of Changes in Net Position for the year then ended. June 30, 2014 amounts have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014. At July 1, 2014 the beginning net pension liability recognized by the College was $14,778,391. At June 30, 2015, the College recognized a net pension liability of $13,017,825. In addition, the College recognized deferred inflows of resources of $1,862,995 and deferred outflows of resources of $1,002,088 at June 30, 2015. See Note 8 to the financial statements for more detailed information on the adoption of GASB Statement No. 68.

Long-Term Debt

The College issued $2,860,000 of Series 2014 General Receipts Refunding Bonds, rated "Aa2" by Moody's through the State Credit Enhancement Program, during fiscal year 2015 to advance refund certain callable Series 2006 General Receipts Bonds, rated "AA" by Standard & Poor's, and to pay for issuance costs on the refunding bonds. The Series 2014 refunding bonds bear interest rates from 1% to 3.5% and mature through fiscal year 2027. The remaining Series 2006 bonds bear interest at 4.25% and mature in fiscal year 2016.

For more detailed information on current outstanding debt and the refunding of the aforementioned bonds in fiscal year 2015, see Note 5 to the financial statements.

Economic Factors and Future Years' Budgets

Edison Community College remains committed to student success and community collaboration, with the goal of being the premier resource for higher education and workforce development in the region. Our strategic master plan is focused on achieving this goal by implementing strategies:

- To better understand our student and stakeholder needs.
- To obtain the physical and instructional resources necessary to enhance student learning and program completion, thereby meeting those needs.
- To continue to engage and value our faculty and staff, who expertly deploy those resources in ways that assure student success and community enhancement.
- To accomplish all of this in an environment of continuous improvement and fiscal sustainability.

Edison has been, and will continue to be, subject to the same demographic, economic and policy issues as virtually all other colleges and universities in the higher education system of Ohio:

- Demographic: The number of traditional college age Ohio students (those graduating from high school) is declining from year to year, while the average age of our community college students has increased, as individuals who are out of work or have had their work hours reduced retool for new professions. The number of potential students in this category is also currently decreasing as the economy improves.

- Economic: Enrollment increased dramatically during the recession, but has decreased as the economy and job availability improved.

- Policy: In an effort to change the focus of the State Share of Instruction (SSI) formula from an emphasis on enrollment to an emphasis on completion, a new funding model was implemented in fiscal year 2015. Due to the College's focus on increasing student success and completion, Edison received an increase of over 14%, or over $1,000,000, in SSI funding under the new formula. Edison is represented on the various committees working to complete the formula, and as noted above, is working on strategies to maintain and increase student success. For fiscal year 2016, the model is expected to be further modified to include additional access categories and funding for certain short-term certificates.

- Policy: The Ohio Board of Regents and the Office of Budget Management have both begun to emphasize operational efficiencies through shared services and other collaborative arrangements between state and local government entities. Edison currently participates in a collaborative insurance buying program and is represented on the Board of Regents' new Efficiency Committee. Edison's fiscal sustainability strategies could be enhanced by this committee's efforts.

- Policy: The state has increased the emphasis on campus safety, security, and emergency processes and procedures in light of recent active shooter incidents and natural disasters. Edison has adequate policies in place, although we are currently reviewing our procedures in light of new information and requirements. Edison is represented on the Board of Regents Safety Committee.

Edison Community College also has several opportunities that will impact our future financial position:

- Work Force Training and Education Demand: Edison currently supports work force training, employee development, and education (some of which also includes for-credit course delivery) for a number of manufacturers in our region. Many of these firms have told us that their need for new employees is double the number of our engineering technologies and computer information technologies graduates, indicating that they have more current and future job opportunities than we can currently supply.

- Underserved Constituency: The percentage of residents with college degrees in all three Ohio counties we serve are well below the state average, as is per capita income. This represents a potential market for which our current strategies are attempting to change perceptions, especially the perceptions of manufacturing jobs.

Edison's future forecast.

- Fiscal Year 2016: While we expect net assets to either remain consistent or increase slightly during fiscal year 2016, the College's financial performance in the coming fiscal year is difficult to predict due to several external forces. Based on preliminary projections, we expect total credit hour enrollment to increase over fiscal year 2015, however, these gains in enrollment may not result in proportionate increases in revenues based on changes in the fees charged for high school students under the new College Credit Plus (CC+) program. Under the new CC+ model, the College will charge the State for students participating in the program based on a tiered rate schedule. Unless otherwise negotioated, the College shall receive $160 per credit hour for students taking classes on the College's campus, $80 per credit hour if the student is taking a College course on the high school's campus with an instructor provided by the College, and $40 per credit hour if the student is taking a College course on the high school's campus with a high school instructor. These rates are compared to the College's standard tuition rate of $140.62, plus applicable fees. All other fees, such as lab fees and security fees, must be waived for students participating in the program. The SSI funding model, which was revised in fiscal year 2015, is based on the average results from the previous three fiscal years; therefore, we do not expect a significant shift in funding from fiscal year 2015 to fiscal year 2016. The State of Ohio has legislated a tuition freeze for fiscal years 2016 and 2017, therefore, the College's tuition rates will remain consistent with fiscal year 2015 rates for the next two fiscal years. During 2015, to offset unexpected decreases in revenues and increasing costs, the College underwent a reduction in force. In addition, all of the College's departmental budgets were scrutinized during the fiscal year 2016 budget process to remove excess spending. The results of each of these cost-cutting measures should be experienced in their entirety during fiscal year 2016.

- Fiscal Year 2017: Forecasting an additional year in advance is always difficult; however, the impacts of several policy and economic shifts are being considered as we plan for fiscal year 2017. First and foremost, the College will continue its efforts to maintain and increase enrollment, while not sacrificing our efforts to ensure student success. The SSI funding model is based on the average results from the previous three fiscal years; therefore, we do not expect a significant shift in funding from fiscal year 2016 to fiscal year 2017. However, as the State of Ohio is not expected to significantly increase the share of the State budget available to community colleges, we are currently working to develop strategies to ensure that we maintain and improve upon our high performance in the areas of student success and completion in an attempt to secure our portion of State funding. As noted above, the State of Ohio's tuition freeze will remain in effect for fiscal year 2017, and the College expects some changes to the CC+ program as adjustments are made based on experiences statewide during implementation in fiscal year 2016.

- Pension expense will include the impact of changes in actuarial assumptions/net pension liability going forward and these could be volatile depending on the interest rates, returns on investments, etc.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	College 2015	College 2014	College Related Foundation 2015	College Related Foundation 2014
Assets				
Current Assets				
Cash and cash equivalents	$ 1,906,630	$ 1,993,975	$ 56,285	$ 115,283
Investments	3,020,540	2,204,220	-	-
Accounts and pledges receivable (net)	2,313,223	3,108,060	4,202	2,231
Prepaid expenses and other	332,354	165,655	3,356	3,572
Inventories	7,759	8,917	-	-
Total current assets	7,580,506	7,480,827	63,843	121,086
Noncurrent Assets				
Restricted investments	1,422,043	1,710,180	-	-
Investments	-	-	1,992,342	1,921,320
Capital assets (net)	16,604,898	16,867,081	-	-
Total noncurrent assets	18,026,941	18,577,261	1,992,342	1,921,320
Total assets	25,607,447	26,058,088	2,056,185	2,042,406
Deferred Outflows of Resources				
Pension costs	1,002,088	-	-	-
Deferred charge on bond refunding	186,028	-	-	-
	1,188,116	-	-	-
Liabilities				
Current Liabilities				
Accounts payable and accruals	$ 435,891	$ 512,759	$ 7,441	$ -
Accrued salaries, wages, and benefits	751,194	773,283	-	-
Unearned revenues	614,961	688,818	-	-
Capital lease obligation, current	37,498	72,201	-	-
Long-term debt, current	215,000	175,000	-	-
Total current liabilities	2,054,544	2,222,061	7,441	-
Noncurrent Liabilities				
Accrued compensated absences	194,273	217,900	-	-
Net pension liability	13,017,825	-	-	-
Capital lease obligation	-	37,498	-	-
Long-term debt	2,890,430	2,850,000	-	-
Total liabilities	18,157,072	5,327,459	7,441	-
Deferred Inflows of Resources				
Pension costs	1,862,995	-	-	-
Net Position				
Net investment in capital assets	14,035,315	14,077,624	-	-
Restricted - expendable	1,286,885	1,749,835	319,138	601,268
Restricted - nonexpendable	-	-	143,888	141,334
Unrestricted	(8,546,704)	4,903,170	1,585,718	1,299,804
Total net position	$ 6,775,496	$ 20,730,629	$ 2,048,744	$ 2,042,406

See Notes to Financial Statements.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2015 and 2014

	College 2015	College 2014	College Related Foundation 2015	College Related Foundation 2014
Operating revenue				
Student tuition and fees	$ 7,929,824	$ 8,707,865	$ -	$ -
Less grants and scholarships	(4,021,868)	(4,721,331)	-	-
Net student tuition and fees	3,907,956	3,986,534	-	-
Federal grants and contracts	198,490	213,438	-	-
State and local grants and contracts	169,548	59,661	-	-
Auxiliary enterprises - bookstore	254,236	243,936	-	-
Gifts	-	-	255,387	186,809
Other operating revenue	107,585	154,326	-	-
Total revenues, gains, and other support	4,637,815	4,657,895	255,387	186,809
Operating expenses				
Instruction	6,451,172	6,246,817	-	-
Public service	527,099	553,757	-	-
Academic support	1,024,096	1,023,922	-	-
Student services	2,112,952	1,836,506	-	-
Institutional support	4,037,722	4,049,169	321,075	68,696
Plant operations and maintenance	1,403,770	1,500,192	-	-
Depreciation and amortization	1,005,554	1,014,055	-	-
Student aid	173,419	181,297	-	-
Auxiliary enterprises	8,489	9,223	-	-
Total operating expenses	16,744,273	16,414,938	321,075	68,696
Operating (loss) income	(12,106,458)	(11,757,043)	(65,688)	118,113
Nonoperating revenues (expenses)				
Federal grants and contracts	3,900,506	4,585,924	-	-
State appropriations	7,691,660	6,957,876	-	-
Gifts - including $155,728 and $227,178 from Foundation for 2015 and 2014, respectively	156,998	227,178	-	-
Investment income, net of expense	40,849	39,031	79,076	61,972
Interest expense	(105,779)	(149,624)	-	-
Transfer from Edison Foundation	-	-	(7,050)	(119,386)
Total nonoperating revenues (expenses)	11,684,234	11,660,385	72,026	(57,414)
Income (loss) before other changes	(422,224)	(96,658)	6,338	60,699
Other changes				
Capital grants	125,223	222,739	-	-
Capital appropriation	365,103	452,063	-	-
Total other changes	490,326	674,802	-	-
Change in Net Position	68,102	578,144	6,338	60,699
Net position at beginning of year	20,730,629	20,152,485	2,042,406	1,981,707
Adjustment for change in accounting principle	(14,023,235)	-	-	-
Net position at beginning of year, as restated	6,707,394	-	-	-
Net position at end of year	$ 6,775,496	$20,730,629	$ 2,048,744	$ 2,042,406

See Notes to Financial Statements.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Student tuition and fees	$ 3,633,884	$ 4,112,408
Grants and contracts	394,646	325,488
Payments to vendors and employees	(16,091,821)	(15,192,218)
Auxiliary enterprises	254,236	243,936
Other receipts	107,585	154,326
Net cash used in operating activities	(11,701,470)	(10,356,060)
Cash flows from noncapital financing activities		
State appropriations	7,691,660	6,957,876
Federal grants and contracts	4,868,950	3,492,807
Gifts	156,998	227,178
Net cash from noncapital financing activities	12,717,608	10,677,861
Cash flows from capital and related financing activities		
Capital grants	125,223	222,739
Purchases of capital assets	(360,113)	(234,515)
Interest paid on outstanding debt	(104,058)	(150,167)
Proceeds from the sale of fixed assets	-	3,000
Principal paid on outstanding debt	(277,201)	(234,037)
Net cash used in capital and related financing activities	(616,149)	(392,980)
Cash flows from investing activities		
Proceeds from maturities of investments	2,119,293	633,228
Purchase of investments	(2,607,101)	(1,880,474)
Interest on investments	474	566
Net cash used in investing activities	(487,334)	(1,246,680)
Net decrease in cash and cash equivalents	(87,345)	(1,317,859)
Cash and cash equivalents, beginning of year	1,993,975	3,311,834
Cash and cash equivalents, end of year	$ 1,906,630	$ 1,993,975
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (12,106,458)	$ (11,757,043)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	987,389	1,010,857
Changes in assets and liabilities:		
Accounts receivable	(173,597)	196,499
Inventories	1,158	(212)
Prepaid expenses and other	(166,699)	(47,725)
Deferred outflows of resources	(1,201,695)	-
Accounts payable and accruals	(71,976)	173,365
Accrued salaries, wages, and benefits	(45,716)	89,435
Refunding bond premium	102,396	-
Advance refunding of bonds	190,000	-
Net pension liability	(1,005,410)	-
Deferred inflows of resources	1,862,995	-
Unearned revenues	(73,857)	(21,236)
Net cash used in operating activities	$ (11,701,470)	$ (10,356,060)

See Notes to Financial Statements.

Noncash investing, capital, and financing activities:

During the years ended June 30, 2015 and 2014, the College acquired $365,103 and $452,063, respectively, in capital assets that were funded through State Capital Appropriations. The College received no cash for these appropriations and made no cash payments to vendors as the State of Ohio made payments directly to vendors.

During the year ended June 30, 2015, the College advance-refunded certain Series 2006 General Receipts Bonds, resulting in $190,000 in new bonds issued. The proceeds from these bonds were used to pay transaction costs resulting from the refunding and to establish an escrow account for defeasing outstanding bonds and did not result in a cash inflow to the College.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Edison State Community College (the "College") was chartered in 1973 under provisions of the Ohio Revised Code as the first State General and Technical College in Ohio. The College thus emerged without special local taxation as a two-year, public, co-educational, state-supported institution of higher learning. The College is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. Under its charter, the College is authorized to offer studies in the Arts and Sciences, Technical Education, and Adult Technical Education. The College, which is a component unit of the State of Ohio, is governed by a nine-member Board of Trustees. These members are appointed by the Governor of the State of Ohio.

Accrual Accounting: The accompanying financial statements have been prepared on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenditures are recognized when the related liabilities are incurred.

Financial Statements: The College reports as "business-type activities," as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The financial statements have been prepared in accordance with GASB Statement No. 61, *Financial Reporting Entity: Omnibus* which provides criteria for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one component unit. The College has determined that the Edison Foundation, Inc. is a component unit of the College. The financial activity of the Edison Foundation, Inc. is included through a discrete presentation as part of the College's financial statements.

Net Position Classifications: In accordance with GASB Statement No. 63 guidelines, the College's resources are classified into the following net position categories:

Net investment in Capital Assets. Capitalized physical assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Expendable. Assets related to grants, contributions, and contracts activity, whose use is subject to externally imposed restrictions.

Restricted - Nonexpendable. Net position represents endowment contributions from donors that are permanently restricted as to principal.

Unrestricted - Net position that is not subject to externally imposed restrictions. Unrestricted net position may be designated for specific purposes by the Board of Trustees. Substantially all of the College's unrestricted assets are designated for future uses or contingencies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Versus Nonoperating Revenue and Expenses: The College defines operating activities as reported on the statement of activities as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the College's expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as non-operating revenue as required by GASB Statement No. 35 and recent updates in the GASB's *Implementation Guide*, including state appropriations, investment income, and Pell Grants.

Cash and Cash Equivalents: For the purpose of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash and money market funds, stated at cost, which approximates fair value. All certificates of deposit are included in investments on the statement of net position.

Accounts Receivable: Accounts receivable primarily consist of tuition and fees charged to students. Accounts receivable also include 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. An allowance is determined based on historical analysis.

Unearned Revenue: Unearned revenue consists of the unearned portion of student tuition and fees for the summer session, and all of the recorded student tuition and fees collected resulting from early registration for the fall session. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Investments: The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenue, expenses, and changes in net position.

The restricted investments on the statement of net position consist of Capital Campaign funds that are to be used toward the debt service payments on the Series 2006 and Series 2014 bonds. These funds were raised by the Edison Foundation and transferred to the College to be held until used for debt service. All committed support raised through the Capital Campaign has been received and remitted to the College.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at fair value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted accordingly. Capital assets, with the exception of land, are depreciated on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Student conference center	3 - 45 years
Center for excellence	45 years
Internally developed software	5 years
Equipment and fixtures	3 - 20 years

The College's capitalization limit for equipment and furniture and fixtures is $5,000 and the College's capitalization limit for internally developed software, and buildings and improvements is $100,000.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Scholarships: Student tuition and fees and bookstore revenue are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program. Payments made directly to students from grants and scholarships are presented as student aid.

Compensated Absences: Vested or accumulated vacation leave is recorded as an expenditure and liability of the current funds as the benefits accrue to employees. In accordance with the applicable accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for an estimate of the amount of accumulated sick leave benefits that will be paid.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System and State Teachers Retirement System of Ohio pension plans ("OPERS" and "STRS", respectively) and additions to/deductions from OPERS and STRS fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS. OPERS and STRS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The College's deferred outflows of resources related to the bond refunding and net pension liability (see Note 5 and Note 8 for more information).

Deferred Inflows of Resources: In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College's deferred inflows of resources related to the net pension liability, see Note 8 for more.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Standard: The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statement, the College has reported a Net Pension Liability of $14,778,391 and a deferred outflow of resources of $755,156 as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

NOTE 2 - CASH AND INVESTMENTS

The College's Board of Trustees is responsible for establishing deposit and investment policies. Once established, the Board has delegated the day-to-day management to the Controller of the College. Deposit and investment policies are developed to ensure compliance with state laws and regulations as well as to establish and maintain sound financial management practices. In accordance with the State of Ohio's and the College's policy, the College is authorized to invest cash in certificates of deposit, repurchase agreements, United States Treasury securities, federal government agency securities backed by the full faith of the government, municipal securities, and the State Treasurer's investment pool.

Cash and Cash Equivalents: At June 30, 2015 and 2014, the carrying amount of the College's cash and cash equivalents was $1,906,630 and $1,993,975, respectively, (included in cash and cash equivalents in the statements of net position) and the bank balances were $1,729,350 and $1,756,469, respectively, that are placed with federally insured banks. The remaining balances of $387,317 and $345,241 at June 30, 2015 and 2014, respectively, were invested in United States government securities. These arrangements are in compliance with the Ohio Revised Code. Cash is generally in excess of the Federal Deposit Insurance Corporation's insurance limit. However, the College has not experienced any significant losses and does not believe it is subject to significant risk.

Also included in cash and cash equivalents are $12,249 and $12,243 at June 30, 2015 and 2014, respectively, which were on deposit in the State Treasurer's investment pool (STAR Ohio). STAR Ohio is an investment pool managed by the Ohio State Treasurer's office that allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. The College's deposit is valued at the pool's share price which is the price the investment could be sold for on June 30, 2015 and 2014. STAR Ohio has a AAA rating.

Investments: Investments are stated at their fair value of $4,442,583 and $3,914,400 at June 30, 2015 and 2014, respectively, and are invested in certificates of deposit covered by federal depository insurance.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

The fair value and cost of deposits and investments, by type, at June 30, 2015 and 2014 are as follows:

	2015	2014
Cash	$ 1,894,381	$ 1,981,732
STAR Ohio	12,249	12,243
Certificates of deposit	4,442,583	3,914,400
Total	$ 6,349,213	$ 5,908,375

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2015 and 2014 consist of billings for student fees and receivables arising from grants and are summarized as follows:

	2015	2014
Student charges	$ 1,065,603	$ 1,160,379
Post-secondary enrollment options program	1,583,507	1,593,311
Federal grants and contracts	397,184	1,351,735
Other	186,946	73,784
Allowance for doubtful accounts	(920,017)	(1,071,149)
Total	$ 2,313,223	$ 3,108,060

(Continued)

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the capital assets and related accumulated depreciation during the 2015 and 2014 fiscal years:

	Balance June 30, 2014	Additions	Retirements/ Completed CIP	Balance June 30, 2015
Cost:				
Land	$ 688,414	$ -	$ -	$ 688,414
Land improvements	618,461	202,184	92,116	912,761
Buildings and improvements	13,990,141	-	-	13,990,141
Student conference center	6,208,972	-	-	6,208,972
Center for Excellence	7,138,503	-	-	7,138,503
Equipment	3,830,262	92,016	(17,000)	3,905,278
Internally developed software	-	227,055	-	227,055
Construction in progress	92,116	203,951	(92,116)	203,951
Total	32,566,869	725,206	(17,000)	33,275,075
Less accumulated depreciation:				
Land improvements	567,617	15,159	-	582,776
Buildings and improvements	7,955,219	433,990	-	8,389,209
Student conference center	3,162,868	167,006	-	3,329,874
Center for Excellence	1,141,578	158,633	-	1,300,211
Equipment	2,872,506	201,248	(17,000)	3,056,754
Internally developed software	-	11,353	-	11,353
Total	15,699,788	987,389	(17,000)	16,670,177
Capital assets - Net	$16,867,081	$ (262,183)	$ -	$ 16,604,898

Construction in progress represents the cost of work performed on the College's new West Hall Roof, security cameras, parking lot resurfacing, and various room renovations through June 30, 2015, including amounts invoiced but not yet paid. Remaining commitments for work yet to be completed totaled $470,150 at June 30, 2015.

(Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Cost:				
Land	$ 688,414	$ -	$ -	$ 688,414
Land improvements	599,777	18,684	-	618,461
Buildings and improvements	13,845,430	144,711	-	13,990,141
Student conference center	6,208,972	-	-	6,208,972
Center for Excellence	7,138,503	-	-	7,138,503
Equipment	3,437,792	431,178	(38,708)	3,830,262
Construction in progress	-	92,116	-	92,116
Total	31,918,888	686,689	(38,708)	32,566,869
Less accumulated depreciation:				
Land improvements	551,955	15,662	-	567,617
Buildings and improvements	7,525,463	429,756	-	7,955,219
Student conference center	2,994,630	168,238	-	3,162,868
Center for Excellence	982,945	158,633	-	1,141,578
Equipment	2,672,535	238,569	(38,598)	2,872,506
Total	14,727,528	1,010,858	(38,598)	15,699,788
Capital assets - Net	$17,191,360	$ (324,169)	$ (110)	$ 16,867,081

Construction in progress represents the cost of work performed on the College's new parking lot and sidewalk through June 30, 2014, including amounts invoiced but not yet paid. Remaining commitments for work yet to be completed totaled $188,184 at June 30, 2014.

NOTE 5 - NONCURRENT LIABILITIES

Noncurrent liabilities as of June 30, 2015 and 2014 are summarized as follows:

	2015					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond obligations	$3,025,000	$190,000	$ 205,000	$3,010,000	$ 215,000	$2,795,000
Unamortized bond premium	-	102,396	6,966	95,430	-	95,430.00
Capital lease obligation	109,699	-	72,201	37,498	37,498	-
Total	3,134,699	292,396	284,167	3,142,928	252,498	2,890,430
Compensated absences	485,748	-	76,180	409,568	215,295	194,273
Total	$3,620,447	$292,396	$ 360,347	$3,552,496	$ 467,793	$3,084,703

(Continued)

NOTE 5 - NONCURRENT LIABILITIES (Continued)

	2014					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond obligations	$3,190,000	$ -	$ 165,000	$3,025,000	$ 175,000	$2,850,000
Capital lease obligation	178,736	-	69,037	109,699	72,201	37,498
Total	3,368,736	-	234,037	3,134,699	247,201	2,887,498
Compensated absences	496,020	-	10,272	485,748	267,848	217,900
Total	$3,864,756	$ -	$ 244,309	$3,620,447	$ 515,049	$3,105,398

During the year ended June 30, 2007, the College issued General Receipts Bonds, Series 2006 for $4,060,000 that bear interest at rates between 4.0 percent to 5.0 percent and that mature in 2027. Proceeds were used for paying construction costs of the Emerson Center. The bonds are collateralized by a pledge of general receipts of the College.

In September 2014, the College issued $2,860,000 of General Receipts Refunding Bonds, Series 2014 with an average interest rate of 2.37 percent, a portion of which was used to advance refund $2,670,000 outstanding General Receipts Bonds, Series 2006 with an average interest rate of 4.75 percent. The net refunding proceeds of $82,510 were used to pay issuance costs and $2,906,907 was deposited with the trustee to pay principal and interest on the Series 2006 bonds when called for redemption on June 1, 2016. The advance refunding resulted in an economic gain with a net present value of $144,745 because total debt service payments decreased by $158,853.

Of the total outstanding bond obligation as of June 30, 2015, $180,000 relates to the Series 2006 bonds that were not refunded and $2,830,000 relates to the Series 2014 bonds.

The annual debt service requirements to maturity for the bonds payable are as follows as of June 30, 2015:

Years Ending June 30	Principal	Interest	Total
2016	$ 215,000	$ 78,200	$ 293,200
2017	225,000	71,950	296,950
2018	235,000	67,350	302,350
2019	235,000	62,650	297,650
2020	240,000	57,900	297,900
2021-2025	1,020,000	170,425	1,190,425
2026-2027	840,000	43,075	883,075
Total	$ 3,010,000	$ 551,550	$ 3,561,550

In addition to the debt service payments presented above, the College recognized bond premiums of $102,396 which are amortized on a straight line bais over the remaining lives of the bonds. Unamortized bond premiums at June 30, 2015 are $95,430.

NOTE 5 - NONCURRENT LIABILITIES (Continued)

The College entered into the capital lease during the year ended June 30, 2006 to acquire energy conservation equipment. Payment is made at a quarterly amount of $18,749 that includes interest at an annual rate of 3.91 percent over a 10-year term ending in fiscal year 2016.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2015:

Year Ending June 30		
2016	$	37,498
Less amount representing interest		-
Present value of future minimum lease payments	$	37,498

Accrued compensated absences - The College provides vacation benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues unused sick days for those employees who have met the conditions of the plan at year end.

NOTE 6 - STATE SUPPORT

The College is a State-assisted institution of higher education which receives a student-based subsidy determined annually using a formula devised by the Ohio Board of Regents.

In addition to the student subsidies, the State of Ohio provides the funding for construction and renovation of major plant facilities on the College campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn provides for the construction and renovation of the facility by the Ohio Board of Regents. Upon completion of a construction project, the Board of Regents turns over control to the College which capitalizes the cost. Renovations are capitalized in the period incurred.

Neither the obligation for the revenue bonds issued by the OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Board of Regents by the Ohio General Assembly.

The 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 State. If sufficient monies are not available from this fund, a requirement exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

(Continued)

NOTE 7 - LEASE AGREEMENTS

The College currently has a five-year lease agreement effective September 1, 2011 with Darke County Board of Commissioners for the facilities located in Greenville, Ohio with the option to renew for an additional five-year term. The annual rental expense under this agreement is $107,856. The annual rental expense under the additional five-year term would be $112,170. The College has a five-year lease agreement effective April 19, 2012 for office equipment. The annual rental expense under the agreement is $64,668.

At June 30, 2015, minimum lease payments under all leases are as follows:

Year Ending June 30	
2016	$ 173,355
2017	71,866
Total minimum lease payments	$ 245,221

NOTE 8 - RETIREMENT PLANS

College faculty participate in either the State Teachers Retirement System of Ohio (STRS) or alternative retirements plan (ARP). Substantially all other employees participate in either the Ohio Public Employees' Retirement System (OPERS) or the ARP. Both STRS and OPERS are state-wide, cost-sharing, multi-employer plans. OPERS and STRS provide retirement, survivor and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for STRS and OPERS is provided by state statute by Chapters 3307 and 145, respectively, of the Ohio Revised Code.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. The reports may be obtained by contacting:

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-7377
www.opers.org

STRS
275 East Broad Street
Columbus, OH 43215-3771
(888) 227-7877
www.strsoh.org

Contributions:

The Ohio Revised Code provides statutory authority for employee and employer contributions. Effective January 1, 2010, the employee contribution rate for employees participating in OPERS was 10% for employees other than law enforcement. Effective July 1, 2013, the employee contribution rate for employees participating in STRS increased from 10% to 11%, with employee contribution rates increasing 1% on July 1 of each subsequent year until reaching 14% on July 1, 2016. Effective January 1, 2010, the employer contribution rate for local government employers was 14%. The contribution requirements of plan members and the College are established and may be amended by state statute.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually be actuarial valuation using the entry age normal cost method. Under these provisions, employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The plans' 2015 contribution rates on covered payroll to each system were:

	Pension	Post Retirement Healthcare	Total
STRS	14.00%	0.00%	14.00%
OPERS	12.00%	2.00%	14.00%

The plans' 2014 contribution rates on covered payroll to each system were:

	Pension	Post Retirement Healthcare	Total
STRS	13.00%	1.00%	14.00%
OPERS	12.00%	2.00%	14.00%

The College's required and actual contributions to OPERS and STRS for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
STRS	$ 558,455	$ 554,918
OPERS	485,138	500,932
Total	$ 1,043,593	$ 1,055,850

Benefits Provided:

STRS: Plan benefits are established under Chapter 3307 of the Revised Code which, as amended by Substitute Senate Bill 342 in 2012, gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustment ("COLA") as the need or opportunity arises, depending on the retirement system's funding progress.

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit will change. The maximum annual retirement allowance, payable for life considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to $2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

OPERS – Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 - $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

Net Pension Liability, Deferrals, and Pension Expense:

At June 30, 2015, the College reported a liability for its proportionate share of the net pension liability of OPERS and STRS. The net pension liability presented as of June 30, 2015 was measured as of July 1, 2014 for the STRS plan and December 31, 2014 for the OPERS plan. 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.

Plan	Measurement Date	Net Pension Liability 2015	Net Pension Liability 2014	Proportionate Share 2015	Proportionate Share 2014	Percent Change
STRS	July 1	$ 9,756,043	$ 11,590,038	0.040%	0.040%	0.00%
OPERS	December 31	$ 3,261,782	$ 3,188,353	0.027%	0.027%	0.00%
Total		$ 13,017,825	$ 14,778,391			

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2015 and 2014, the College recognized total pension expense of $823,903 and $1,104,938. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 93,923	$ 58,090
Net difference between projected and actual earnings on pension plan investments	174,318	1,804,905
Changes in proportion and differences between College contributions and proportionate share of contributions	-	-
College contributions subequent to the measurement date	733,847	-
Total	$ 1,002,088	$ 1,862,995

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	Amount
2016	$ (337,097)
2017	(337,097)
2018	(362,026)
2019	(357,599)
2020	(200,635)
Thereafter	(300)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability during the fiscal year ended June 30, 2016.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

Actuarial Assumptions:

The total pension liability is based on the results of an actuarial valuation and were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	STRS - as of 7/1/14	OPERS - as of 12/31/14
Valuation date	July 1, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investment rate of return	7.75 percent, net of pension plan investment expense	8.00 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of 5 years ended December 31, 2010
Mortality basis	RP-2000 Combined Mortality Table (Projection 2022-Scale AA)	RP-2000 Mortality Table (Projected 20 years using Projection Scale AA)

Discount Rate:

The discount rates used to measure the total pension liability were 7.75 percent and 8.0 percent for STRS and OPERS, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

	STRS			OPERS	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Investment Category	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	31.00%	5.50%	Fixed income	23.00%	2.31%
International equity	26.00%	5.35%	Domestic equities	19.90%	5.84%
Alternatives	14.00%	5.50%	Real estate	10.00%	4.25%
Fixed income	18.00%	1.25%	Private equity	10.00%	9.25%
Real estate	10.00%	4.25%	International equity	19.10%	7.40%
Liquidity reserves	1.00%	0.50%	Other investments	18.00%	4.59%
Total	100.00%		Total	100.00%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the College, calculated using the discount rate listed below, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.75%	$ 13,966,839	7.75%	$ 9,756,043	8.75%	$ 6,195,126
OPERS	7.00%	6,005,548	8.00%	3,261,782	9.00%	951,006
		$ 19,972,387		$ 13,017,825		$ 7,146,132

Pension plan fiduciary net position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS and OPERS financial reports.

Payable to the Pension Plans:

At June 30, 2015, the College reported a payable of $55,235 for the outstanding amount of contributions to OPERS and STRS required for the year ended June 30, 2015.

Defined Contribution Plans ("DC plans"):

Members participating in STRS and OPERS plans may elect, upon enrollment in the plans, a member-directed retirement option in place of a traditional pension retirement option. The DC plans allow members to allocate all of their member contributions and employer contributions equal to 9.5 percent of earned compensation for STRS and 13.23 percent for OPERS among various investment choices. The College's retirement expense related to contributions into DC plans for the years ended June 30, 2015 and 2014 were $72,345 and $62,936, respectively. The STRS DC plan provides for retirement at age 50, with early retirement available before age 50. Upon retirement, each member shall receive a benefit equal to the amount of their vested defined contribution account. Employer contributions to members' accounts are vested at a rate of 20 percent per year. Member contributions are 100 percent vested immediately.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

Disability and survivor benefits equal to a member's vested account balance are available. The OPERS DC plan provides for retirement at age 55, with no provision for early retirement. Upon retirement, each member shall receive a benefit equal to the amount of their vested defined contribution account. Employer contributions to members' accounts are vested at a rate of 20 percent per year. Member contributions are 100 percent vested immediately. Disability and survivor benefits equal to a member's vested account balance are available.

Alternate Retirement Plans ("ARP"):

Certain full-time College faculty and unclassified staff have the option to choose the ARP in place of STRS or OPERS. The ARP is a defined contribution plan, which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of the ARP, the required contribution rates of plan participants are equal to the contribution rates of employees who would otherwise participate in STRS or OPERS. The College contributes 10.5% of a participating faculty member's compensation and 13.23% of participating non-faculty member's compensation to the participant's account. The College is also required to contribute an additional 4.5% of employees' covered compensation to STRS and 0.77% of employees' covered compensation to OPERS. Plan participants' contributions to ARP plan providers were $93,146 and $78,429 and the College contributions to the Plan providers amounted to $99,518 and $119,698, respectively, for the years ended June 30, 2015 and 2014. Employer contributions for the year ended June 30, 2015 were reduced by $37,822 as a result of forfeitures used to offset employer contributions. In addition, the amounts contributed to STRS and OPERS by the College on behalf of ARP participants were $20,811 and $25,822, respectively, for the years ended June 30, 2015 and 2014. Employees become fully vested in employer contributions to the ARP after five years, with no vesting provided for terms of service less than five years.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STRS provides other postemployment benefits to all retirees and their dependents, while OPERS provides postretirement healthcare coverage to age and service restraints (and dependents) with 10 or more years of qualifying Ohio service credit. Effective July 1, 2014, no employer contributions for STRS are being allocated to post-employment health care. Healthcare coverage for disability recipients and primary survivor recipients is also available under OPERS. A portion of each employer's contributions is set aside for the funding of postretirement health care. For STRS, this rate was 1% of the total 14% employer contribution while the OPERS rate was 2% of the total 14% employer contribution for the years ended June 30, 2015 and 2014.

The Ohio Revised Code provides the statutory authority for public employers to fund postretirement healthcare through their contributions to STRS and OPERS. Postretirement healthcare under STRS is financed on a pay-as-you-go basis. Net assets available in the healthcare reserve fund for STRS amounted to $3.6 billion as of June 30, 2014. The number of benefit recipients eligible for OPEB was 152,208 for STRS at July 1, 2014. The amount contributed by the College to STRS to fund these benefits was $39,890 and $39,637 for the years ended June 30, 2015 and 2014, respectively.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Postretirement healthcare under OPERS is advance-funded on an actuarially determined basis. The actuarial value of OPERS net assets available for OPEB at December 31, 2013, the most recent reported valuation date, is $12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $19.8 billion and $7.8 billion, respectively. The number of OPERS active contributing participants was 346,509 for the year ended December 31, 2013. For the years ended June 30, 2015 and 2014, the College contributed $26,683 and $27,551, respectively, to OPERS for OPEB funding. Contributions equal the actuarially required contributions of the Plan for each year.

NOTE 10 - INSURANCE

The College maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The College also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have been negligible.

NOTE 11 - CONTINGENCIES

The College receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires 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 audits could become a liability. It is the opinion of management that any potential disallowance of claims would not have a significant effect on the financial statements.

NOTE 12 - FEDERAL DIRECT LENDING PROGRAM

The College distributed $5,377,459 and $6,298,361 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2015 and 2014, respectively. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

NOTE 13 - RELATED ORGANIZATION

The Edison Foundation, Inc. (the “Foundation”) is a separate not-for-profit entity organized for the purpose of promoting educational activities of the College. Since these resources held by the Foundation can be used only by and for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements. The up to 25-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Amounts transferred to the College from the Foundation are recorded as nonoperating gifts in the accompanying financial statements.

The Foundation reports under FASB standards, including Accounting Standards Codification 958-205 (previously FASB Statement No. 117), *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from Edison State Community College, 1973 Edison Drive, Piqua, OH 45356.

(Continued)

NOTE 13 - RELATED ORGANIZATION (Continued)

The following is a summary of the Foundation's significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

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

Contributions: Donations are recorded as revenue in the year received or when a bequest is legally finalized. Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Funds from pledges to be collected in future years are recorded at net present value.

Pledges Receivable: As of June 30, 2015 and 2014, contributors to the Foundation have outstanding unconditional pledges totaling $4,202 and $0, respectively. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified period of time. Pledges are as follows:

	2015	2014
Less than one year	$ 3,202	$ -
One to five years	1,000	-
Total	$ 4,202	$ -

Investments: Investments are stated at fair value, and realized and unrealized gains and losses are reflected in the statements of revenue, expenses, and changes in net position. Fair value is determined by market quotes. Donated investments are recorded at the fair market value at the time received. Realized gains or losses are determined based on the average cost method.

Investments by major types for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Corporate bonds	$ 262,334	$ 348,273
Common stocks	1,014,950	686,626
Mutual funds - REITS	70,618	71,765
Mutual funds - Fixed income	334,757	295,630
Mutual funds - Equities	309,683	519,026
Total	$ 1,992,342	$ 1,921,320

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2015 and 2014 and the valuation techniques used by the Foundation to determine those fair values.

(Continued)

NOTE 13 - RELATED ORGANIZATION (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value. The Foundation has investments that are valued using Level 1 inputs, which are obtained directly from investment statements prepared by the institution holding the investments.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets or non-active markets (markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which there is little information released to the public). An example of a Level 2 input would be a price quote from a brokered market.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. However, the fair value measurement objective remains the same as it would for Level 1 and 2 inputs, in that it is based on an exit price from the perspective of a market participant that holds the asset or liability. In addition, Level 3 inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

(Continued)

NOTE 13 - RELATED ORGANIZATION (Continued)

	Fair Value Measurements at June 30, 2015		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Fixed income - Domestic	$ 370,884	$ 75,312	$ -
Fixed income - International		50,331	-
Fixed income - U.S. agencies		100,564	-
Equities - Domestic	1,146,318		-
Equities - International	178,315		-
Equities - REITS	70,618	-	-
Total	$ 1,766,135	$ 226,207	$ -

	Fair Value Measurements at June 30, 2014		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Fixed income - Domestic	$ 332,447	$ 50,646	$ -
Fixed income - International	56,906	51,694	-
Fixed income - U.S. agencies	-	152,210	-
Equities - Domestic	1,053,271	-	-
Equities - International	152,381	-	-
Equities - REITS	71,765	-	-
Total	$ 1,666,770	$ 254,550	$ -

Net realized and unrealized (losses) gains on investments were ($4,306) and $196,892 for the years ended June 30, 2015 and 2014, respectively. There were no capital gains distributions in either year.

Net Assets: Net assets are classified into three categories: (1) unrestricted net assets, which have no donor-imposed restrictions, (2) temporarily restricted net assets, which have donor-imposed restrictions for scholarships and capital improvements that will expire or be satisfied in the future, and (3) permanently restricted net assets, which have donor-imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Foundation.

(Continued)

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Fair Value Measurement and Application: In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2016. The College is currently evaluating the impact this standard will have on the financial statements when adopted.

Financial Reporting for Postemployment Benefit Plans other than Pensions: In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which 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 will require 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 STRS and OPERS plans. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Proportionate Share of the Net Pension Liability

	OPERS 2015	STRS 2015
College's proportion of the collective net pension liability:		
As a percentage	0.02713%	0.04011%
Amount	$ 3,261,782	$ 9,756,043
College's covered-employee payroll	$ 3,370,248	$ 3,693,112
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered-employee payroll	96.78%	264.17%
Plan fiduciary net position as a percentage of the total pension liability	86.53%	74.71%

Schedule of College Contributions

	OPERS 2015	STRS 2015
Statutorily required contribution	$ 453,891	$ 514,515
Contributions in relation to the actuarially determined contractually required contribution	$ 453,891	$ 514,515
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 3,242,079	$ 3,675,107
Contributions as a percentage of covered employee payroll	14.00%	14.00%

Notes to Required Supplementary Information for the Year Ended June 30, 2015

Changes of benefit terms. There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

Changes of assumptions. There were no changes in assumptions or plan amendments affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

SUPPLEMENTARY INFORMATION

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

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*

Independent Auditor's Report

To Management and the Board of Trustees
Edison State Community College

We have audited, 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, the financial statements of Edison State Community College and its discretely presented component unit (the "College") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Edison State Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College'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.

To Management and the Board of Trustees
Edison State Community College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Edison State Community 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.

Plante & Moran, PLLC

October 9, 2015

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Edison State Community College

Report on Compliance for Each Major Federal Program

We have audited Edison State Community College's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. Edison State Community College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Edison State Community College's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Edison State Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Edison State Community College's compliance.

To the Board of Trustees
Edison State Community College

Opinion on Each Major Federal Program

In our opinion, Edison State Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Edison State Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Edison State Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 9, 2015

Edison State Community College

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Award Number	Federal Expenditures
U.S. Department of Education -			
Student Financial Assistance Cluster -			
Direct programs:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ 47,400
Federal Work-Study Program	84.033	N/A	79,428
Federal Pell Grant Program	84.063	N/A	3,893,831
Federal Direct Student Loans	84.268	N/A	5,377,459
Total Student Financial Assistance Cluster			9,398,118
U.S. Department of Health and Human Services			
Child Care and Development Fund Cluster -			
Passed through State of Ohio Department of Education -			
Child Care and Development Block Grant	93.575	403948	1,365
U.S. Department of Education -			
Passed through State of Ohio Department of Education -			
Vocational Education	84.048	U.S.A.S. #524	70,105
Small Business Administration -			
Passed through State of Ohio Development Services Agency -			
Small Business Development Center	59.037	N/A	29,126
Total expenditures of federal awards			**$ 9,498,714**

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Edison State Community College under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Edison State Community College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Edison State Community College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Dave Yost • Auditor of State

EDISON STATE COMMUNITY COLLEGE

MIAMI 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
DECEMBER 15, 2015