MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

Board of Trustees
Marion Technical College
1467 Mount Vernon Avenue
Marion, OH 43302

We have reviewed the *Independent Auditors' Report* of the Marion Technical College, Marion County, prepared by Holbrook & Manter, 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 Marion Technical College is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 27, 2016

This page intentionally left blank.

TABLE OF CONTENTS

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees:

Marion Technical College
Marion County
1467 Mount Vernon Avenue
Marion, OH 43302

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Marion Technical College, Marion County, Ohio (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for preparing and fairly presenting these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to opine on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free of 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 our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of their significant accounting estimates made by management, as well as our evaluation of 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 respective financial position of the business-type activities and the discretely presented component unit of the Marion Technical College as of June 30, 2015, and the respective changes in financial position and where applicable, its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended June 30, 2015, the College adopted the provisions of Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 3 to the financial statements, the College reported a restatement for the change in accounting principle. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and the College's proportionate share of the net pension liability and College contributions, listed in the table of contents, to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of the Board of Trustees and the Administrative Personnel are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures presents 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 also not a required part of the financial statements. This schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this statement to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this statement is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedules of the Board of Trustees and the Administrative Personnel have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the Marion Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

Holbrook & Manter

Certified Public Accountants

Marion, Ohio
December 15, 2015

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

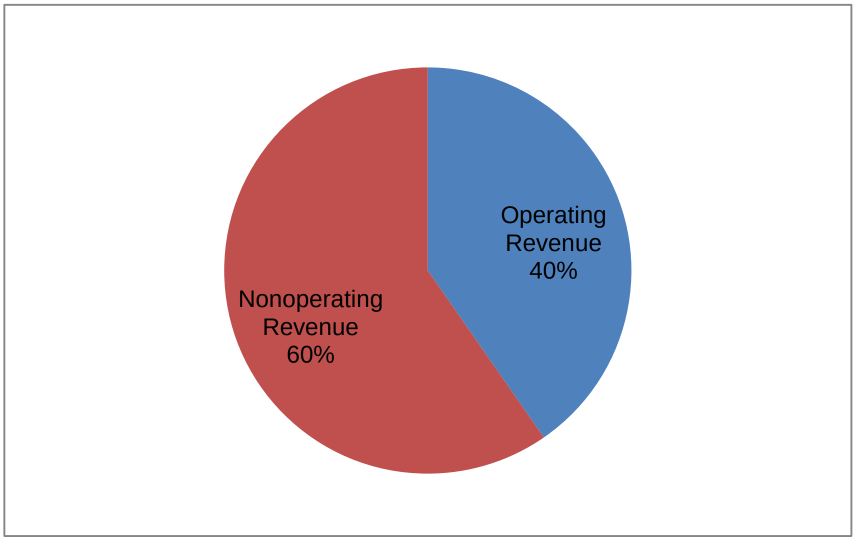
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Marion Technical College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2015. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains financial activities of Marion Technical College.

FINANCIAL HIGHLIGHTS

Marion Technical College's revenues and other support were greater than expenses, resulting in an increase in combined net position of $864,818 (compared to $218,601 decrease last year).

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2015:



USING THIS ANNUAL REPORT

This report consists of three basic financial statements. The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows provide information on the College as a whole and present a long-term view of the College's finances. The following activities are included in the College's basic financial statements:

- **Primary Institution (College):** Most of the programs and services generally associated with the College fall into this category, including instruction, research, public service, and support services.

- **Component Unit (MTC Foundation, Inc.):** Most of the College's fund raising and scholarship activity fall into this category.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

These two statements report Marion Technical College's net position and change in it. Marion Technical College's net position amount - the difference between assets and liabilities - is one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, building condition, and campus safety, to assess the overall health of the College.

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

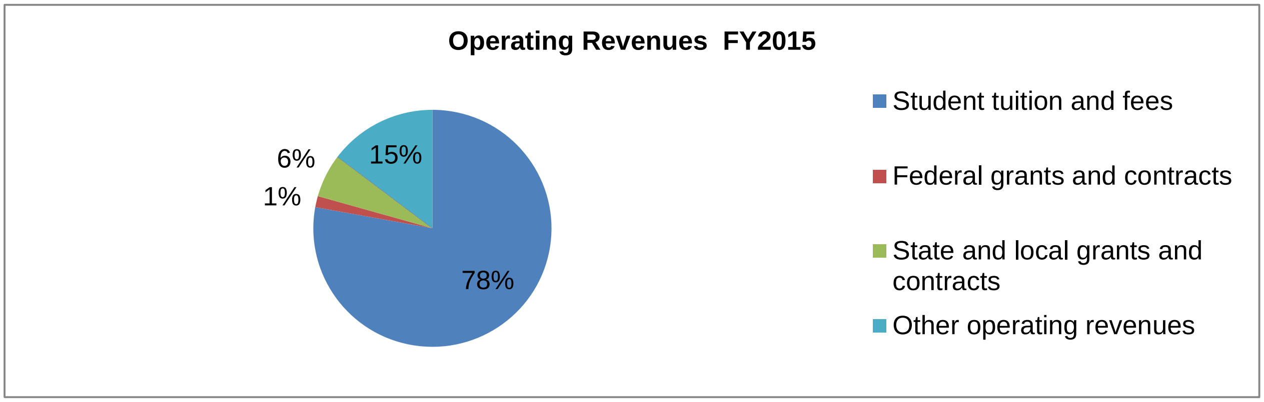
Table 1- Net Position – Primary Institution FY2015 Versus FY 2014

	6/30/2015	6/30/2014	Change	% Change
Assets				
Current assets				
Cash & cash equivalents	$ 3,611,130	$ 2,989,014	$ 622,116	20.8%
Investments	539,249	540,175	(926)	-0.2%
Student accounts receivable, net	588,349	696,673	(108,324)	-15.5%
Other receivables, net	1,035,246	718,687	316,559	44.0%
Prepaid expenses	40,579	71,912	(31,333)	-43.6%
Total current assets	5,814,553	5,016,461	798,092	15.9%
Noncurrent assets				
Other receivables, net	991	991	0	0.0%
Capital assets, net (Note 5)	5,916,954	5,687,458	229,496	4.0%
Total noncurrent assets	5,917,945	5,688,449	229,496	4.0%
Deferred outflows of resources				
Pension expense, restated	1,288,365	1,154,700	133,665	11.6%
Total assets	$ 13,020,863	$ 11,859,610	$ 1,161,253	9.8%
Liabilities				
Current Liabilities				
Accounts payable	$ 274,509	$ 178,000	$ 96,509	54.2%
Deferred income	345,846	307,086	38,760	12.6%
Accounts payable- OSUM	674,768	357,947	316,821	88.5%
Accrued payroll	240,032	230,714	9,318	4.0%
Accrued vacation leave	281,488	260,880	20,608	7.9%
Total current liabilities	1,816,643	1,334,627	482,016	36.1%
Noncurrent Liabilities				
Accrued sick leave	375,256	420,361	(45,105)	-10.7%
Net pension liability, restated	17,067,909	20,244,763	(3,176,854)	-15.7%
Total noncurrent liabilities	17,443,165	20,665,124	(3,221,959)	-15.6%
Deferred inflow of resources				
Pension expense	3,036,377	0	3,036,377	100.0%
Total liabilities	22,296,185	21,999,751	296,434	1.3%
Net Position				
Invested in capital assets, net of related debt	5,916,954	5,687,458	229,496	4.0%
Restricted;-				
Nonexpendable				
Expendable;-				
Student grants and scholarships	65,205	65,718	(513)	-0.8%
Loans	4,156	4,128	28	0.7%
Instructional department uses	306,951	272,862	34,089	12.5%
Unrestricted, restated	(15,568,588)	(16,170,307)	601,719	-3.7%
Total net position	(9,275,322)	(10,140,141)	864,819	-8.5%
Total liabilities and net position	$ 13,020,863	$ 11,859,610	$ 1,161,253	9.8%

Net Position Changes – Component Unit – MTC Development Fund
FY2015 Versus FY 2014

	2015	2014	Change	Percent Change
Assets				
Current Assets				
Cash equivalents	$ 59,937	$ 80,805	$ (20,868)	-25.8%
Total current assets	59,937	80,805	(20,868)	-25.8%
Noncurrent Assets				
Investment held w/ fiscal agent	864,236	880,336	(16,100)	-1.8%
Total noncurrent assets	864,236	880,336	(16,100)	-1.8%
Total assets	$ 924,173	$ 961,141	$ (36,968)	-3.8%
Net Position				
Expendable				
Student grants and scholarships	$ 4,000	$ 4,035	$ (35)	-0.9%
Unrestricted	920,173	957,106	(36,933)	-3.9%
Total net position	924,173	961,141	(36,968)	-3.8%
Total liabilities and net position	$ 924,173	$ 961,141	$ (36,968)	-3.8%

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015



Primary Institution Operating Results for the Year- FY 2015 Versus FY 2014

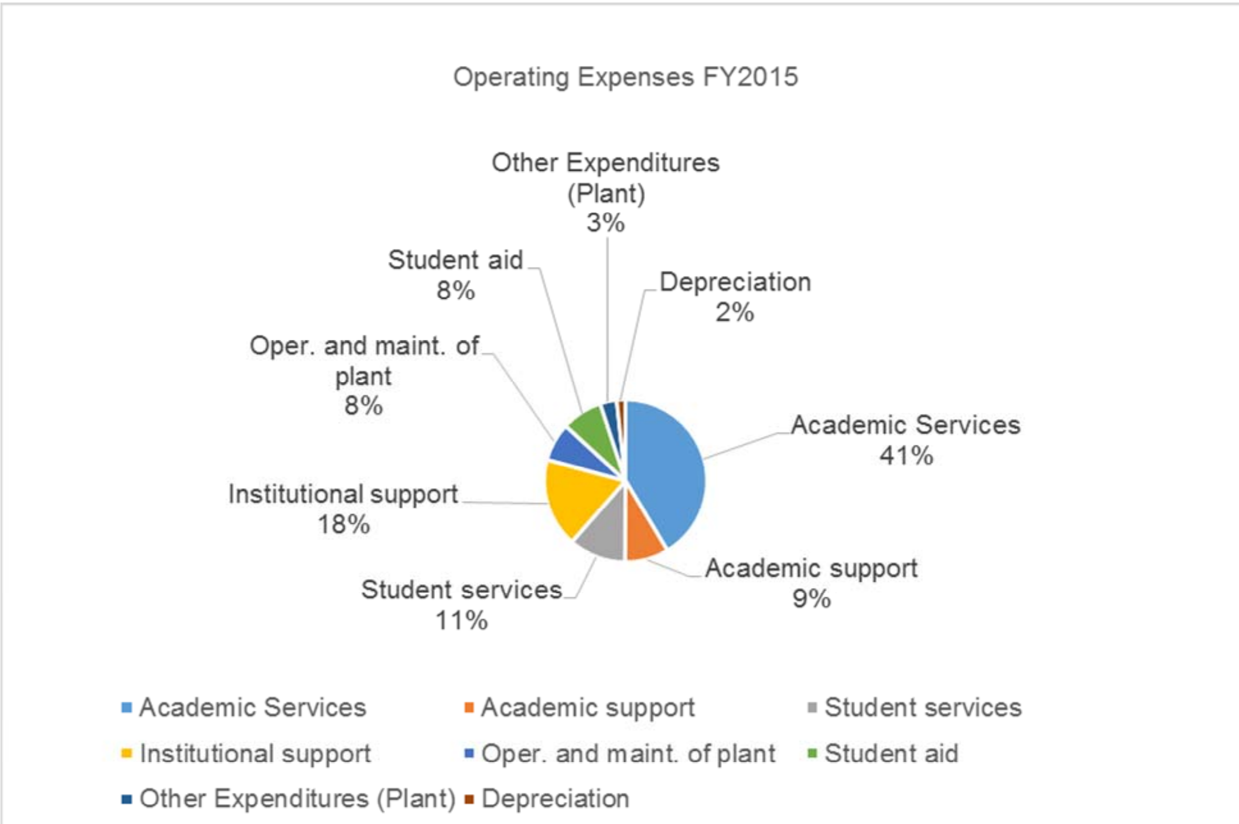
	2015	2014	Change	% Change
Operating Revenues:-				
Student tuition and fees	$ 5,354,278	$ 5,533,847	$ (179,569)	-3.2%
Federal grants and contracts	104,786	117,518	(12,732)	-10.8%
State and local grants and contracts	407,618	435,062	(27,444)	-6.3%
Other operating revenues	1,010,063	497,054	513,009	103.2%
Total operating revenues	6,876,745	6,583,481	293,264	4.5%
Operating Expenses:-				
Instructional	6,777,524	7,195,988	(418,464)	-5.8%
Academic Support	1,425,849	1,531,558	(105,709)	-6.9%
Student Services	1,857,173	1,951,874	(94,701)	-4.9%
Institutional Support	2,905,058	3,334,833	(429,775)	-12.9%
Operation and maintenance of plant	1,250,000	1,171,918	78,082	6.7%
Student aid	1,326,226	1,575,849	(249,623)	-15.8%
Other expenditures (plant)	537,642	145,557	392,085	269.4%
Depreciation	288,297	287,912	385	0.1%
Total operating expenses	16,367,769	17,195,489	(827,720)	-4.8%
Net operating revenues	(9,491,024)	(10,612,008)	1,120,984	-10.6%
Nonoperating revenues (expenses):-				
State appropriations	6,719,558	6,014,033	705,525	11.7%
Federal grants and contracts	3,446,015	4,103,563	(657,548)	-16.0%
Investment income	1,103	1,085	18	1.7%
Net nonoperating revenues	10,166,676	10,118,681	47,995	0.5%
(Loss) before other revenues	675,652	(493,327)	1,168,979	-237.0%
Capital appropriations	189,167	274,726	(85,559)	-31.1%
Decrease in net position	864,819	(218,601)	1,083,420	-495.6%
Net position, beginning of year, restated	(10,140,141)	(9,921,540)	(218,601)	2.2%
Net position, end of year	$ (9,275,322)	$ (10,140,141)	$ 864,819	-8.5%

Component Unit
Operating Results for the Year – FY2015 Versus FY2014

	2015	2014	Change	% Change
Operating Revenues:-				
Contributions	$ 40,663	$ 33,221	$ 7,442	22.4%
Total operating revenues	40,663	33,221	7,442	22.4%
Operating Expenses:-	14,040	25,346	(11,306)	-44.6%
Net operating revenues	26,623	7,875	18,748	238.1%
Nonoperating revenues (expenses):-				
Investment income	8,199	64,867	(56,668)	-87.4%
Other non-operating revenues (expenses)	(16,480)	30,130	(46,610)	100.0%
Scholarships	(55,310)	(39,070)	(16,240)	41.6%
Net nonoperating revenues (expenses)	(63,591)	55,927	(119,518)	-213.7%
Increase in net position	(36,968)	63,802	(100,770)	-157.9%
Net position, beginning of year	961,141	897,339	63,802	7.1%
Net position, end of year	$ 924,173	$ 961,141	$ (36,968)	-3.8%

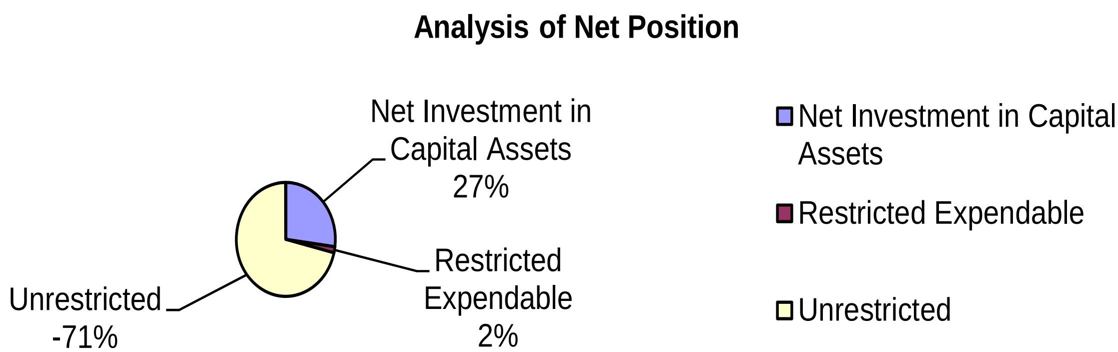
Primary Institution
Operating Expenses for the Year- FY 2015 Versus FY 2014

	2015	2014	Change	Percent Change
Operating Expenses				
Instructional	$ 6,777,525	$ 7,195,988	$ (418,463)	-5.8%
Academic support	1,425,849	1,531,558	(105,709)	-6.9%
Student services	1,857,173	1,951,874	(94,701)	-4.9%
Institutional support	2,905,058	3,334,833	(429,775)	-12.9%
Operation and maintenance of plant	1,250,000	1,171,918	78,082	6.7%
Student aid	1,326,226	1,575,849	(249,623)	-15.8%
Other expenditures (Plant)	537,642	145,557	392,085	269.4%
Depreciation	288,297	287,912	385	0.1%
Total operating expenses	$ 16,367,770	$ 17,195,489	$ (827,719)	-4.8%



Analysis of Net Position- Primary Institution
FY 2015 versus FY 2014

	2015	2014	Change	% Change
Net Position:-				
Net investment in capital assets	$ 5,916,954	$ 5,687,458	$ 229,496	4.0%
Loan Fund	4,156	4,128	28	0.7%
Restricted expendable	372,156	338,580	33,576	9.9%
Unrestricted, restated	(15,568,588)	(16,170,307)	601,719	-3.7%
Total	$ (9,275,322)	$ (10,140,141)	$ 864,819	-8.5%



The Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps the user assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

Cash Flows – Primary Institution FY2015 Versus FY2014

	2015	2014	Change	% Change
Cash provided (used) by:-				
Operating activities	$ (5,802,049)	$ (6,358,981)	$ 556,932	-8.8%
Noncapital financing activities	6,762,651	5,962,136	800,515	13.4%
Capital and related financing activities	(339,801)	170,940	(510,741)	-298.8%
Investing activities	1,314	1,085	229	21.1%
Net increase (decrease) in cash	622,115	(224,820)	846,935	-273.0%
Cash, beginning of year	2,989,015	3,213,835	(224,820)	-7.0%
Cash, end of year	$ 3,611,130	$ 2,989,015	$ 622,115	20.8%

Capital and Debt Administration

Capital Assets

At June 30, 2015, the College had $5,916,954 invested in capital assets, net of accumulated depreciation of $3,968,991. Depreciation charges totaled $288,297 for the current fiscal year. Details of these assets for the two years are shown below:

Capital Assets, Net – FY2015 Versus FY2014 Primary Institution

	2015	2014	Change	% Change
Machinery and equipment	$ 263,628	$ 234,706	$ 28,922	12.3%
Computers and computer equipment	145,165	65,160	80,005	122.8%
Vehicles	10,679	1,658	9,021	544.1%
Land improvements	352,420	76,733	275,687	359.3%
Buildings	5,145,062	5,287,635	(142,573)	-2.7%
CIP- 2014 TEC Renovations	0	21,566	(21,566)	100.0%
Capital assets, net	$ 5,916,954	$ 5,687,458	$ 229,496	4.0%

Capital additions this year included an ultrasound machine, wireless upgrade in the Technical Education Center (TEC), and renovations. Renovations included relocating two departments from an off-campus location to the TEC, in addition to general renovations to TEC.

The College has planned capital expenditures for fiscal year ending June 30, 2016 to include the completion of additional TEC renovations and the creation of a human anatomy lab. These planned expenditures normally include replacement of computers for academic computer labs and administration as well as various pieces of equipment for instructional labs. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end 2015, the College had no debt associated with capital assets.

Pension

During 2015, the College adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the College's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the College's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the College is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $8,949,922 to ($10,140,141).

Net position June 30, 2014	$ 8,949,922
Adjustments:	
Net Pension Liability	(20,244,763)
Deferred Outflow - Payment Subsequent to Measurement Date	1,154,700
Restated net Position June 30, 2014	$ (10,140,141)

Economic Factors that Will Affect the Future

The College did not increase tuition or fees for fiscal year 2015, and plans no tuition or fee increase for fiscal year 2016. The College anticipated a 10% enrollment decrease in fiscal year 2015 and anticipates a 7% enrollment decrease in fiscal year 2016. .

BASIC
FINANCIAL STATEMENTS

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
STATEMENT OF NET POSITION
PRIMARY INSTITUTION AND COMPONENT UNIT
AS OF JUNE 30, 2015

	Primary Institution	Component Unit
ASSETS		
Current assets;-		
Cash and cash equivalents	$ 3,611,130	$ 59,937
Investments	539,249	0
Student accounts receivable, net	588,349	0
Prepaid expenses	40,579	0
Other receivables, net	1,035,246	0
Total current assets	5,814,553	59,937
Noncurrent assets;-		
Other receivables, net	991	0
Investment w/ fiscal agent	0	864,236
Capital assets, net	5,916,954	0
Total noncurrent assets	5,917,945	864,236
Total assets	11,732,498	924,173
Deferred outflows of resources		
Pension expense	1,288,365	0
Total assets and deferred outflows	$ 13,020,863	$ 924,173
LIABILITIES		
Current liabilities;-		
Accounts payable	$ 274,509	$ 0
Deferred inflows	345,846	0
Accounts payable - OSUM	674,768	0
Accrued payroll	240,032	0
Accrued vacation	281,488	0
Compensated absences	375,256	0
Total current liabilities	2,191,899	0
Noncurrent liabilities;-		
Net pension liability	17,067,909	0
Total noncurrent liabilities	17,067,909	0
Total liabilities	19,259,808	0
Deferred inflows of resources		
Pension expense	3,036,377	0
Total liabilities and deferred inflows of resources	22,296,185	0
NET POSITION		
Invested in capital assets, net of related debt	5,916,954	0
Restricted;-		
Expendable;-		
Student grants and scholarships	65,205	0
Loans	4,156	0
Instructional department uses	306,951	0
Temporarily Restricted	0	4,000
Unrestricted	(15,568,588)	920,173
Total net position	(9,275,322)	924,173
Total liabilities and net position	$ 13,020,863	$ 924,173

See accompanying Notes to the Basic Financial Statements.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Primary Institution	Component Unit
REVENUE:-		
Operating Revenues;-		
Student tuition and fees (net of scholarship allowance of $2,309,351)	$ 5,354,278	$ 0
Federal grants and contracts	104,786	0
State and local grants and contracts	407,618	0
Contributions	0	40,663
Other operating revenues	1,010,063	0
Total operating revenues	6,876,745	40,663
EXPENSES:-		
Operating Expenses;-		
Instructional	6,777,524	0
Academic support	1,425,849	0
Student services	1,857,173	0
Institutional support	2,905,058	0
Operation and maintenance of plant	1,250,000	0
Student aid	1,326,226	0
General and administrative	0	14,040
Other Expenditures (Plant)	537,642	0
Depreciation	288,297	0
Total operating expenses	16,367,769	14,040
Operating income (loss)	(9,491,024)	26,623
NONOPERATING REVENUES (EXPENSES):-		
State appropriations	6,719,558	0
State and local grants	0	0
Investment income	1,103	8,199
Federal grants and contracts	3,446,015	0
Other non-operating (expenses)	0	(16,480)
Scholarships	0	(55,310)
Nonoperating revenues (expenses)	10,166,676	(63,591)
Income (loss) before other revenues, expenses, gains or losses	675,652	(36,968)
Capital appropriations	189,167	0
Increase (decrease) in net position	864,819	(36,968)
Net position, beginning of year, (restated)	(10,140,141)	961,141
Net position, end of year	$ (9,275,322)	$ 924,173

See accompanying Notes to the Financial Statements.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Primary Institution
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-	
Cash flows from operating activities;-	
Tuition and fees	$ 7,177,499
Grants and contracts	525,678
Supplier and related payments	(2,873,705)
Employee and related payments	(10,768,224)
Other receipts (payments)	347,728
Net cash provided (used) by operating activities	(5,591,024)
Cash flows from non-capital and related financing activities;-	
State appropriations	6,719,558
Federal grants and contracts	(168,857)
Net cash provided (used) by non-capital financing activities	6,550,701
Cash flows from capital and related financing activities;-	
Capital gifts and grants	189,167
Purchases of capital assets	(528,968)
Net cash provided (used) by capital and related financing activities	(339,801)
Cash flows from investing activities;-	
Interest on investments	1,314
Proceeds from sale and maturity of investments	925
Net cash provided (used) by investing activities	2,239
Net increase (decrease) in cash and cash equivalents	622,115
Cash and cash equivalents at beginning of year	2,989,015
Cash and cash equivalents at end of year	$ 3,611,130
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH:-	
PROVIDED (USED) BY OPERATING ACTIVITIES:-	
Operating (loss)	$ (9,491,024)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities;-	
Tuition Reduction for excess Pell	2,309,351
Student aid expense	1,326,226
Depreciation expense	288,297
Changes in assets and liabilities;-	
Receivables, net	(217,976)
Prepaid expenses	31,333
Accounts payable	96,509
Accounts payable- OSUM	316,821
Deferred outflows	(133,665)
Pension liability / expense	(3,176,854)
Accrued payroll	9,318
Accrued vacation leave	20,608
Accrued sick leave	(45,105)
Deferred inflows of resources	3,036,377
Unearned revenue	38,760
Net cash (used) by operating activities	$ (5,591,024)

See accompanying Notes to the Financial Statements.

NOTE 1 - DESCRIPTION OF THE COLLEGE

Description of Entity
Marion Technical College (the College) is a public, state assisted, two-year institution of higher learning. The College provides instructional programs in various fields and workforce development training. The College was chartered by the Ohio Board of Regents as a political subdivision in accordance with the provisions of Chapter 3357 of the Ohio Revised Code.

The College operates under the control of a board of trustees. The College is not a component unit of the State of Ohio, and therefore, is not included in its Comprehensive Annual Financial Report (CAFR).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Marion Technical College are described below to enhance the usefulness of the financial statements to the reader.

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

Effective July 1, 2002, the College adopted GASB Statement No. 35, Basic Financial Statements – and Management's Decision and Analysis for Public Colleges and Universities, as amended by GASB Statements No. 37 and No. 38. GASB No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

> ***Invested in capital assets, net of related debt***: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
>
> ***Restricted***:
>
> > ***Nonexpendable*** - Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds. (These assets are recorded in the Marion Technical College Foundation financial statements).
> >
> > ***Expendable*** - Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
>
> ***Unrestricted***: Net assets whose use by the College is not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of Management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows. It replaces the fund group perspective previously required.

Accrual Basis - The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The College reports as a Business Type Activity (BTA). BTA's are those activities that are financed in whole or in part by fees charged to external parties for goods and services. Restricted grant revenue is recognized only to the extent expended.

Cash and Cash Equivalents - This includes all readily available sources of cash such as petty cash, demand deposits, money market funds, and temporary investments in marketable securities with original maturities of three months or less.

Investments - All investments are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.* Investments in publicly traded securities are stated at their fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenue, expenses, and changes in net position.

Accounts Receivable - Accounts receivable represents the balance of unpaid student tuition charges, federal and state grants receivable, and other receivables owed to the College. The allowance for doubtful accounts related to student receivables is based on historical collection rates and management's analysis. Management reviews the accounts receivable annually and adjusts the allowance to correspond with the collection rates.

Allowance for Doubtful Accounts - The allowance for doubtful accounts is determined by management based on the College's historical losses, specific student circumstances, and general economic conditions. Periodically, management reviews accounts receivable and records an allowance for specific student receivables based on current circumstances and charges off the receivable and the allowance when all attempts to collect the receivable have failed.

Capital Assets - Capital assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Buildings and building renovations, land improvements, equipment, furniture and infrastructure items costing $2,500 or more and having an estimated useful life of greater than one year are capitalized. Routine repairs and maintenance and items costing less than the capitalization thresholds are charged to operating expense in the year in which the expense is incurred.

The following estimated useful lives are used to compute depreciation:

Classification	Years
Buildings and improvements	10 - 50 years
Land improvements	10 - 20 years
Infrastructure	10 - 25 years
Moveable equipment	5 - 20 years

Noncurrent Liabilities - Noncurrent liabilities include compensated absences that will not be paid within the next fiscal year. Employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of the separation. Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year end in the statements of net position, and the net change from the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the College, deferred inflows of resources includes pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 10)

Scholarship Allowances - Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on behalf of the students. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance discount.

Income Taxes - Income taxes are not reported on the general operations of the College because, as a state institution, its income is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the U.S. Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2011.

Operating Activities - The College defines operating activities, as reported on the statement of revenues, expenses, and changes in net position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state appropriations, federal student grants, gifts, contracts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

Restricted Asset Spending Policy - The College's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

***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 pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

***Unearned Revenue* –** Unearned revenue includes tuition and fees for summer and fall terms recorded in the current fiscal year but related to the subsequent accounting period, and related expenses are shown as prepaid expenses in the statement of net position and will be recognized in the following year. Additionally, unearned revenue includes amounts received from grant and contract sponsors that have not yet been earned.

Use of Estimates - The preparation of 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

***Upcoming Accounting Pronouncements* -** In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application ("GASB 72"). The objectives of this Statement are to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures around fair value measurements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions of this Statement are generally effective for fiscal years beginning after June 15, 2015.

Also in June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify the current governmental financial reporting environment with respect to the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

The College has not yet completed the process of evaluating the impact of GASB Statements Nos. 72, 73 and 76 on its financial statements.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET PENSION

For fiscal year 2015, the College implemented the Governmental Accounting Standards Board (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 – an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$	8,949,922
Adjustments:		
Net Pension Liability		(20,244,763)
Deferred Outflow - Payment Subsequent to Measurement Date		1,154,700
Restated net Position June 30, 2014	$	(10,140,141)

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

NOTE 4 - DEPOSITS AND INVESTMENT RISK DISCLOSURES

The College conforms to GASB 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No.3). This statement amends statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement were effective for financial statements for the fiscal year ended June 30, 2005.

As of June 30, 2015, the College had the following deposits and investments:

		Bank Balance
Checking accounts	$	3,611,130
STAR Ohio		539,249
Total deposits and investments	$	4,150,379

The differences between the bank balances and the carrying amounts are primarily due to outstanding checks and deposits in transit. All investments have maturities of less than six months.

***Credit Risk* -** STAR Ohio is an investment pool managed by the Treasurer of the State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940. STAR Ohio has obtained an AAA money market rating by Standard & Poor's. MTC moved all funds in STAR Ohio to STAR Ohio Plus, which is operated the same as STAR Ohio.

***Concentration of Credit Risk* -** For fiscal year 2015, the College had all of its investments in STAR Ohio Plus.

***Foreign Currency Risk* -** The College does not have exposure to foreign exchange risk since none of its deposits or investments are held in foreign currencies.

***Custodial Credit Risk* -** Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Of the bank balances, $250,000 was insured by the Federal Depository Insurance Corporation (FDIC) for fiscal year 2015. For the fiscal year 2015, the remaining amount was not exposed to custodial credit risk because it was secured by pledges of pooled collateral held by the banks trust department covering more than 105% of the College's remaining balances. The collateral is limited to obligations of the United States and its agencies, and the State of Ohio as permitted by Ohio law. The securities are held at the Bank of New York. The College also does not have exposure to custodial credit risk for the investment in STAR Ohio Plus as defined by Statement No. 40.

Component Unit - Foundation

At June 30, 2015, the carrying amount of the Foundation's cash deposits was $59,597 and the bank balance was $59,597. The entire bank balance was covered by FDIC insurance at June 30, 2015.

***Credit Risk* -** As of June 30, 2015, the investment balance recorded on the Foundation's statement of net position is $864,236. These investments are held and managed by a local community foundation. In accordance with the Accounting Standards Codification (ASC) No. 958-325-25, *"Recognition"*, the funds are to be maintained as assets within the College's Foundation accounting records. Under ASC No. 958-325-25, states that when a transfer of assets to a resource provider specifies itself or an affiliate as the beneficiary, the transaction is not considered a disbursement in the form of a contribution, but maintained as assets, even if the variance power has been explicitly granted to the recipient organization. Accordingly, the component unit recognizes these funds as Investments held by a fiscal agent.

Investment with Fiscal Agent - The Foundation has no investments other than in investments held by fiscal agent (i.e. fiscal agent). The Foundation is a voluntary participant in the investment. This investment is governed by and under the regulatory oversight of the investment policy adopted by the Community Foundation's Board of Trustees. The fair value of the Foundation's investment in this pool is reported in the accompanying financial statements at amounts based upon the Foundation's pro-rata share of the fair value calculated by the Community Foundation for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the Community Foundation, which are recorded at fair value.

***Concentration of Credit Risk* -** Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy provides for a maximum exposure to the stock market of approximately sixty percent (60%) of the total portfolio. The remaining assets shall be invested in fixed income or short-term investments as outlined herein. Cash balances maintained as part of the normal course of business may be invested in a money market fund. As of June 30, 2015, these investments are held and managed by a local community foundation.

***Foreign Currency Risk* -** The Foundation does not have exposure for foreign exchange risk since none of its deposits or investments are held in foreign currencies.

***Custodial Credit Risk* -** The Foundation's investments are not exposed to custodial credit risk as defined by Statement No. 40. Securities are held by its agent in the name of the College Foundation. All of the bank balances were insured by the FDIC.

NOTE 5 - CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2015:

Costs:	**Balance July 1, 2014**	**Additions**	**Reductions**	**Balance June 30, 2015**
Buildings	$ 5,701,751	$ 0	$ 0	$ 5,701,751
Land improvements	179,846	288,123	0	467,969
Computers & computer equipment	1,947,443	124,915	4,427	2,067,931
Machinery & equipment	1,483,743	115,931	14,265	1,585,409
CIP - 2014 TEC Renovations	21,566	266,557	288,123	0
Vehicles	45,780	17,106	0	62,886
Total costs	9,380,129	812,632	306,815	9,885,946
Less accumulated depreciation:				
Buildings	414,116	142,573	0	556,689
Land improvements	103,114	12,436	0	115,550
Computers & computer equipment	1,882,282	44,910	4,426	1,922,766
Machinery & equipment	1,249,037	80,293	7,550	1,321,780
Vehicles	44,122	8,085	0	52,207
Total accum depreciation	3,692,671	288,297	11,976	3,968,992
Capital assets, net	$ 5,687,458	$ 524,335	$ 294,839	$ 5,916,954

NOTE 6 - ACCOUNTS RECEIVABLE:-

The following is a summary of the accounts receivable as of June 30, 2015:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Students	$ 816,849	$ (228,500)	$ 588,349
Other	1,516,746	(481,500)	1,035,246
Total Accounts receivable	$ 2,333,595	$ (710,000)	$ 1,623,595

NOTE 7 - ACCOUNTS PAYABLE- OSU COST SHARING

The College and the Marion Branch of the Ohio State University (OSU) share various common buildings and facilities. An agreement is renewed annually whereby the College is billed by OSU for various operating expenses. At June 30, 2015, the college had an estimated payable of $674,768 due to OSU for this agreement.

NOTE 8 - STATE SUPPORT

Marion Technical College is a state assisted institution of higher education which receives a student enrollment based instructional subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Department of Higher Education (ODHE), adjusted to state resources available.

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 causes the construction and renovation of the facility by the ODHE. Upon completion of a construction project, the ODHE turns over control to the College, which capitalizes the cost.

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 ODHE 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 in state-assisted institutions of higher education throughout the state.

NOTE 9 - COMPENSATED ABSENCES

Sick pay is accrued for all employees who meet or are projected to meet the retirement requirements of length of service and age within the next five years, in accordance with GASB 16, Accounting for Compensated Absences. Vacation pay was accrued for all eligible employees. At June 30, 2015 and 2014, compensated absences consisted of the following:

	Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	Current Portion
Compensated absences	$ 681,241	$ 20,606	$ 45,104	$ 656,743	$ 281,488

NOTE 10 - DEFINED BENEFIT PENSION PLANS

College employees are covered by one of two retirement systems. The College faculty is covered by the State Teachers Retirement System of Ohio (STRS). Other employees are covered by the State Employees Retirement System of Ohio (SERS). These plans are statewide, multi-employer, cost sharing defined benefit plans. Employees may opt out of STRST or SERS and participate in the alternative retirement plan (ARP) if they meet certain eligibility requirements.

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.
Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The College's contributions to SERS for the fiscal years ended June 30, 2015, 2014 and 2013, were $424,088, $428,772, and $482,264, respectively, which equaled the required contributions each year. 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

Plan Description - State Teachers Retirement System (STRS)
Plan Description – College licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary

information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The College's required 14% contributions for pension obligations for the fiscal years ended June 30, 2015, 2014, and 2013, were $701,238, $670,119, and $710,749, respectively. 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportinate Share of the Net			
Pension Liability	$ 5,341,218	$ 11,726,691	$ 17,067,909
Liability	0.105538%	0.0482114%	
Pension Expense	314,107	541,762	855,869

At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 45,459	$ 112,895	$ 158,354
College contributions subsequent to the measurement date	428,772	701,238	1,130,010
Total Deferred Outflows of Resources	$ 474,231	$ 814,133	$ 1,288,364
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 866,895	$ 2,169,482	$ 3,036,377
Total Deferred Inflows of Resources	$ 866,895	$ 2,169,482	$ 3,036,377

$1,130,010 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	$ (205,359)	$ (514,147)	$ (719,506)
2017	(205,359)	(514,147)	(719,506)
2018	(205,359)	(514,147)	(719,506)
2019	(205,358)	(514,146)	(719,504)
Total	$ (821,435)	$ (2,056,587)	$ (2,878,022)

Actuarial Assumptions – SERS
SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	$7,260,331	$5,341,218	$3,424,287

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	$16,788,036	$11,726,691	$7,446,496

Alternative Retirement Plan
Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement plan (ARP) for academic and administrative College employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The College board of trustees adopted such a plan effective April 1999.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 3.5 percent. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting.

The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the years ended June 30, 2015, 2014, and 2013 were $59,125, $56,235, and $55,056, respectively.

NOTE 11 - POST EMPLOYMENT BENEFITS:-

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of; a defined benefit plan, a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Financial Annual Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 0% of covered payroll was allocated to post-employment health care the years ended June 30, 2015. The 14% employer contribution rate is the maximum rate established under Ohio law. For the College, these amounts equaled $0, $67,012, and $27,983 for the fiscal years 2015, 2014, and 20132, respectively.

School Employees Retirement System
In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2014 was $104.90 for most participants, but could be as high as $335.70 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocations a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2015, 2014, and 2013, the actuarially required allocation is .74%, .76%, and .74 percent. The College's contributions for the years ended June 30, 2015, 2014, and 2013 were $20,904, $21,050, and $23,008, respectively, which equaled the required contributions each year.

Health Care *Plan* - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code § 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2015, 2014, and 2013 the health care allocations were .82%, .14%, and .16%, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. Statues provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at $20,450.

The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The College's contributions assigned to health care for the years ended June 30, 2015, 2014, and 2013 were $23,164, $34,948 and $4,975, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. The report is also available through the SERS' website at www.ohsers.org under Forms and Publications.

NOTE 12 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

The College's operating expenses by natural classification were as follows for the year ended June 30, 2015:

		2015
Instructional	$	6,777,525
Academic support		1,425,849
Student services		1,857,173
Institutional support		2,905,058
Oper. and maint. of plant		1,250,000
Student aid		1,326,226
Other expenditures (plant)		537,642
Depreciation		288,297
Total operating expenses	$	16,367,770

NOTE 13 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the College contracted with a Commercial Insurer for property and fleet insurance, liability insurance, and various other coverages. More information can be found in the insurance policy.

Major coverage provided by this insurer is as follows at June 30, 2015:

Description		**Coverage**		**Deductible**
General liability	$	5,000,000	$	N/A
Employment practices		5,000,000		2,500
Employee dishonesty blanket		250,000		2,500
Automobile liability		3,000,000		0
Equipment		1,651,030		1,000
Employee benefits liability		3,000,000		2,500
Educators professional liability		5,000,000		2,500
School board trustee liability		Included above		N/A
Building		16,327,838		1,000
Building contents		5,157,487		1,000
Extra expense		2,000,000		1,000
Business income		8,256,000		1,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. In addition, the College offers medical, vision, and dental insurance to full-time employees through various commercial insurers.

NOTE 14 - CONTINGENCIES

The College received financial assistance from federal and state agencies in the form of grants. The expenditures 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 of the College. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2015.

In a prior year, the College received a Program Review from the U.S. Department of Education (the Department) regarding its Student Financial Assistance Programs. This review, in the aggregate, assessed the College's internal controls and compliance related to the Student Financial Aid Cluster Awards. The Financial Aid Department represented the College in these matters and responded to many of these matters, however they are currently awaiting a response from the Department of Education on their final determination of the comments assessed to the College. The outcome of this report is unknown as of the financial statement date.

NOTE 15 - COMPONENT UNIT – MARION TECHNICAL COLLEGE FOUNDATION

The Marion Technical College Foundation was established for charitable and educational purposes for the benefit of the College and its students. The Foundation is a not for profit organization exempt from Federal Income Taxes under Section 501C(3) of the Internal Revenue Code. The Foundation provided $55,310 in scholarships for the year ending June 30, 2015.

NOTE 16 - SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 15, 2015, the date which the financial statements were available to be issued.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TWO FISCAL YEARS (1)

		2014		2013
School Employees Retirement System of Ohio				
College's proportion of the net position liability		0.105538%		0.105538%
College's proportionate share of the net pension liability	$	5,341,218	$	6,276,006
College's covered-employee payroll	$	3,066,714	$	3,444,743
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		174.17%		182.19%
Plan fiduciary net position as a percentage of the total pension liability		71.70%		65.52%
State Teachers Retirement System of Ohio				
College's proportion of the net position liability		0.048211%		0.048211%
College's proportionate share of the net pension liability	$	11,726,691	$	13,968,757
College's covered-employee payroll	$	4,925,879	$	5,076,779
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll		238.06%		275.15%
Plan fiduciary net position as a percentage of the total pension liability		74.70%		69.30%

(1) Information prior to 2013 is not available.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE CONTRIBUTIONS
LAST SIX FISCAL YEARS (1)

	2015	2014	2013	2012	2011	2010
School Employees Retirement System of Ohio						
Contractually required contribution	$ 428,772	$ 429,340	$ 482,264	$ 460,185	$ 496,821	$ 454,026
Contribution in relation to the contractually required contribution	(428,772)	(429,340)	(482,264)	(460,185)	(496,821)	(454,026)
Contribution deficiency (excess)	0	0	0	0	0	0
College covered-employee payroll	$ 3,062,657	$ 3,066,714	$ 3,444,743	$ 3,287,036	$ 3,548,721	$ 3,243,043
Contributions as a percentage of college covered-employee payroll	14%	14%	14%	14%	14%	14%
School Employees Retirement System of Ohio						
Contractually required contribution	$ 701,238	$ 689,623	$ 710,749	$ 712,444	$ 706,660	$ 662,908
Contribution in relation to the contractually required contribution	(701,238)	(689,623)	(710,749)	(712,444)	(706,660)	(662,908)
Contribution deficiency (excess)	0	0	0	0	0	0
College covered-employee payroll	$ 5,008,843	$ 4,925,879	$ 5,076,779	$ 5,088,886	$ 5,047,571	$ 4,735,057
Contributions as a percentage of college covered-employee payroll	14%	14%	14%	14%	14%	14%

(1) Information prior to 2010 is not available.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
STATEMENT OF NET POSITION BY FUND
FOR THE YEAR ENDED JUNE 30, 2015

Assets:-			**Liabilities and Fund Balance:**		
General			**General**		
Cash		$ 3,079,570	Accounts payable	$ 274,009	
Petty Cash		510	Accounts payable- books	500	
Investments		539,249	Accounts payable- C/S	674,768	
Accounts receivable			Accrued payroll	240,032	
Students	$ 681,489		Deferred income	345,846	
OSUM	94,574		Accrued vacation leave	281,488	
Other/faculty/gov.	349,227		Accrued sick leave	375,256	
Vaughn/PSEO/Book	1,072,945		Deferred inflows	3,036,377	
Deferred outflows	1,288,364		Net pension liability	17,067,909	
Allowance for doubtful acts	(710,000)				
Net accounts receivable		2,776,599			
Prepaid Expenses		40,579			
DTDF DFAFS + Scholarship		291,090			
DTDF Plant Fund		1,265,345	Unallocated fund balances	(14,303,243)	
Total unrestrictec		7,992,942		7,992,942	
Restricted			**Restricted**		
Cash		527,885	Due to general fund	291,090	
Accounts receivable		135,360	Restricted fund balance	372,155	
Total restricted		663,245	Total restricted	663,245	
Loan Funds			**Loan Funds**		
Cash		3,165	Due to MTC general	0	
Notes receivable		991	Loan fund balance	4,156	
Total loan funds		4,156	Total loan funds	4,156	
Plant Funds			**Plant Funds**		
Cash		0	Due to general fund	1,265,345	
Appropriations receivable		0	Accounts payable	0	
Investment plant		9,885,945	Renew/repl. Bal	(1,265,345)	
Accumulated depreciation		(3,968,991)	Net investment in plant	5,916,954	
Total plant funds		5,916,954	**Total plant funds**	5,916,954	
TOTAL ASSETS		$ 14,577,297		$ 14,577,297	

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	Balance Unrestricted Educ. & General	Balance Restricted Educ. & Gen.	Balance Total Current	Balance Loan Funds	Balance Unexpended Renew & Rept	Balance Investment in Plant	Balance Plant Fund
REVENUE & OTHER ADDITIONS:-							
Unrestricted Current Fund Revenue	$ 5,269,573	$ 0	$ 5,269,573	$ 0	$ 0	$ 0	$ 0
Restricted state appropriations	6,719,558	0	6,719,558	0	189,167	0	189,167
Restricted federal grants	0	3,958,419	3,958,419	0	0	0	0
Restricted private gifts & grants	0	84,705	84,705	0	0	0	0
Interest income	1,076	0	1,076	27	0	0	0
Miscellaneous income	470,704	0	470,704	0	0	0	0
Expended for plant facilities	0	0	0	0	0	539,359	539,359
Total revenues	12,460,911	4,043,124	16,504,035	27	189,167	539,359	728,526
EXPENSES AND OTHER DEDUCTIONS:-							
Education and general expense	11,498,708	4,043,123	15,541,831	0	0	0	0
Expended for plan facilities	0	0	0	0	516,076	21,566	537,642
Depreciation expense	0	0	0	0	0	288,297	288,297
Total expenditures	11,498,708	4,043,123	15,541,831	0	516,076	309,863	825,939
TRANSFER AMONG FUNDS:-							
Excess (Deficit) of restricted over expenses	(33,576)	33,576	0	0	0	0	0
Total transfers & adjustments	(33,576)	33,576	0	0	0	0	0
Net increase / decrease for year	928,627	33,577	962,204	27	(326,909)	229,496	(97,413)
Prior period adjustment	(19,090,063)	0	(19,090,063)	0	0	0	0
Fund balance, beginning of year	3,858,191	338,579	4,196,770	4,129	(938,436)	5,687,458	4,749,023
Fund balance, end of year	$ (14,303,245)	$ 372,156	$ (13,931,089)	$ 4,156	$ (1,265,345)	$ 5,916,954	$ 4,651,610

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
BOARD OF TRUSTEES
FOR THE YEAR ENDED JUNE 30, 2015

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
ADMINISTRATIVE PERSONNEL
FOR THE YEAR ENDED JUNE 30, 2015

NAME	TITLE
Dr. J. Richard Bryson	President, retired June 30, 2015
Dr. John Erwin	Interim President, July 1, 2015 - Present
Jeffrey Nutter, CPA	Vice President and Chief Finance Officer
K. Jean Thomas	Controller
Dr. Vicky Wood	Vice President and Chief Academic Officer

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	FEDERAL CFDA NUMBER	PASS THROUGH GRANT NUMBER		DISBURSEMENTS
U.S. DEPARTMENT OF EDUCATION:-				
Direct from the Federal Agency				
Student Financial Aid Cluster				
Federal Direct Student Loan Program	84.268	Direct	$	2,527,461
Federal Pell Grant Program	84.063	Direct		3,446,015
Federal Supplemental Educational Opportunity Grant	84.007	Direct		19,950
Federal Work Study Program	84.033	Direct		30,000
Total Student Financial Aid Cluster				6,023,426
Passed through the Ohio Department of Education				
Career and Technical Education- Basic Grants to States	84.048	20C3		74,786
Adult Education- Basic Grants to States	84.002	VETP		154,931
Tech Prep Education	84.243	3ETC		90,000
Subtotal				319,717
Total United States Department of Education				6,343,143
Total Federal Financial Assistance			$	6,343,143

See accompanying notes to schedule of federal awards expenditures.

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - BASIS OF PRESENTATION:-

This schedule is presented on a cash basis of accounting. Federal Funds are determined to be on a first-in, first-out basis. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - FEDERAL FAMILY EDUCATION LOANS:-

The College participates in the Federal Family Education Loan Program. The dollar amounts listed in the Schedule of Expenditures of Federal Awards represents new loans awarded during the fiscal year ended June 30, 2015.

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees:

Marion Technical College
Marion County
1467 Mount Vernon Avenue
Marion, OH 43302

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 the business-type activities and the aggregate discretely presented component unit of the Marion Technical College, Marion County, Ohio (the College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Marion Technical College's basic financial statements and have issued our report thereon dated December 15, 2015. We noted the College adopted new accounting guidance in Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but 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 Marion Technical College's internal control.

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

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

Compliance and Other Matters

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

Wallbrook & Martin

Certified Public Accountants

Marion, Ohio
December 15, 2015

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

INDEPENDENT AUDITOS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees:

Marion Technical College
Marion County
1647 Mount Vernon Avenue
Marion, OH 43302

Report on Compliance for the Major Federal Program

We have audited Marion Technical College's (the College) compliance with the applicable requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material affect on each of Marion Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The College's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 Marion Technical College's compliance.

Opinion on the Major Federal Program

In our opinion, Marion Technical College complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Marion Technical College is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marion Technical 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 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.

Holbrook & Manter

Certified Public Accountants

Marion, Ohio
December 15, 2015

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
Were there any reported noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other significant internal control deficiencies reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under §.510	No
Major Programs (list):	Student Financial Aid Cluster: Federal Direct Student Loan Program, CFDA # 84.268; Federal Work-Study Program, CFDA# 84.033; Federal Pell Grant Program, CFDA# 84.063; Federal Supplemental Educational Opportunity Grant, CFDA#84.007
Dollar Threshold: Type A\B Programs	Type A> $300,000 Type B: all others
Low Risk Auditee?	No

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

MARION TECHNICAL COLLEGE
MARION COUNTY, OHIO
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Significant Deficiency- Timely Bank Reconciliations	Yes	Finding No Longer Valid; Bank Reconciliation are being completed timely.

This page intentionally left blank.

Dave Yost · Auditor of State

MARION TECHNICAL COLLEGE

MARION 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
FEBRUARY 9, 2016

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