



OHIO AUDITOR OF STATE
KEITH FABER



**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Governing Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Ohio Association of Community Colleges, Franklin County, Ohio (the Association), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended June 30, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended June 30, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association, as of June 30, 2023, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Association on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2024, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 2, 2024

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2023**

	General	Special Revenue	Total Governmental Funds
Cash Receipts:			
Membership Dues	\$ 1,127,499	\$ -	\$ 1,127,499
Intergovernmental	-	925,643	925,643
Charges for Services	128,544	37,151	165,695
Donations and Contributions	-	602,000	602,000
Earnings on Investments	52,235	17,366	69,601
Miscellaneous	121,317	190,735	312,052
Total Cash Receipts	1,429,595	1,772,895	3,202,490
Cash Disbursements:			
Salaries and Benefits	1,207,090	253,119	1,460,209
Professional Services	33,642	885,044	918,686
Operations	150,116	19,896	170,012
Equipment, Maintenance & Repair	4,034	-	4,034
Financial Aid	-	7,250	7,250
Food Service	7,260	104,457	111,717
Miscellaneous	80,096	73,983	154,079
Total Cash Disbursements	1,482,238	1,343,749	2,825,987
<i>Excess of Receipts Over (Under) Disbursements</i>	(52,643)	429,146	376,503
Other Financing Receipts (Disbursements)			
Other Financing Uses	(34,534)	-	(34,534)
Net Change in Fund Cash Balances	(87,177)	429,146	341,969
Fund Cash Balances, July 1	375,082	1,027,109	1,402,191
Fund Cash Balances, June 30	\$ 287,905	\$ 1,456,255	\$ 1,744,160

See the accompanying notes to the financial statements

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**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 - Reporting Entity

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

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

Governing Board

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

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

Executive Committee

The Executive Committee acts on behalf of the Association and/or the Governing Board in the interim between meetings of the Board. The Executive Committee is comprised of the officers of the Governing Board which includes four Trustees and four Presidents.

Legislation Committee

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

Trustee Education Committee

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

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

Note 1 - Reporting Entity (Continued)

Blended Component Unit – Center for Development

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

The Center for Development became "inactive" during fiscal year 2012. There was no activity in fiscal year 2023 and the cash fund balance was zero.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Association's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The Association uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Association are presented below:

General Fund

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Association for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Association had the following significant Special Revenue Funds:

Gates Grant – The purpose of this grant is to elevate community college institutional innovations funded by the foundation to model the practice and leadership required of all Ohio community colleges to increase college completion and credential attainment.

Student Success Center - The OACC is dedicated to advancing Ohio's community colleges through advocacy, policy, and professional development. Under the umbrella of the OACC, the Success Center for Ohio Community Colleges works to align reform efforts to help colleges strategically advance student success from initial connection, entry, and progress in college through completion and successful entry to the workforce or transition to a 4-year institution. Through this work, the Success Center helps Ohio's 23 community colleges align national and state initiatives with institutional strategies, make data-driven decisions, implement evidence-based practices, and scale whole-college reforms to increase student success.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Bylaws of the Association require the Treasurer to prepare an annual budget for the General Fund and present it to the Governing Board for approval. A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

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

Fiscal Agent

Lakeland Community College is the fiscal agent for the Association. The Association's funds are maintained separately in the College's accounting systems.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

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

For regulatory purposes, the fund balance of special revenue funds is either restricted or committed.

Note 3 - Budgetary Activity

Budgetary activity for the year ending June 30, 2023, follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,414,069	\$1,429,595	\$15,526

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,516,069	\$1,516,772	(\$703)

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

Note 4 – Deposits and Investments

The Association maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	2023
Investments – Star Ohio	\$1,744,060

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

The Association maintains \$100 in petty cash which is not included in the above stated amount.

Note 5 – Risk Management

Commercial Insurance

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

Note 6 - Defined Benefit Pension Plans

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

The contribution rates are not determined actuarially, but are established by SERS’s Retirement Board within rates allowed by the State. For 2023, members of SERS contributed 10% of their wages to SERS. The Association contributed an amount equal to 14% of their wages. The Association has paid all contributions required through June 30, 2023.

Note 7 – Postemployment Benefits

The Association contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. This plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents.

For fiscal year 2023, no allocation was made to health care.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

Note 8 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Association. The Association's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

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

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended June 30, 2023, and the related notes to the financial statements of the Ohio Association of Community Colleges, Franklin County, (the Association) and have issued our report thereon dated October 2, 2024, wherein we noted the Association followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 2, 2024

OHIO AUDITOR OF STATE KEITH FABER



OHIO ASSOCIATION OF COMMUNITY COLLEGES

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/15/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov