North Central State College

North Central State College

Basic Financial Statements

June 30, 2015

PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College, Richland County, Ohio

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 North Central State College (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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the year ended June 30, 2015, the College adopted Governmental Accounting Standard No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27*. 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 that the management's discussion and analysis and schedules of net pension liabilities and pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the College'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 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 2, 2015

The Management's Discussion and Analysis (MD&A) of the financial condition of North Central State College (hereafter referred to as the College) provides an overview of the financial performance for the year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenses and liabilities are recognized when an obligation has been incurred, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. State appropriations are classified as non-operating revenues. The College generated an operating loss. For fiscal year 2015, the College reported a change in net position of $2,221,107 after including net non-operating revenue. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

An important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they become due. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related, non-capital and related, and investing financing activities.

The financial statements include not only the College itself (known as the primary institution), but also one organization for which the College is financially accountable, which is the North Central State College Foundation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The Statement of Net Position

Condensed Financial Information
Statement of Net Position

	2015	2014 (Restated)
Assets		
Current Assets	$8,062,047	$8,311,402
Non-current Assets	21,305,018	19,332,384
Total Assets	29,367,065	27,643,786
Deferred Outflows	1,183,918	1,167,755
Liabilities		
Current Liabilities	5,197,203	5,963,830
Non-current Liabilities -Pension	18,273,180	21,603,299
Non-current Liabilities -Other	919,549	553,546
Total Liabilities	24,389,932	28,120,675
Deferred Inflows	3,249,078	0
Net Position		
Net Investment in Capital Assets	19,310,927	18,293,246
Unrestricted	(16,398,954)	(17,602,380)
Total Net Position	$2,911,973	$690,866

Implementation of GASB 68

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 College. 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 $21,126,410 to $690,866.

Assets

As of June 30, 2015, the College's total assets amounted to $30,550,983. Capital assets, net of related depreciation totaled $19,310,927, represented the College's largest asset, totaling 66 percent of total assets. Student accounts receivable of $5,028,673 or 17 percent, were the College's second largest asset. Unrestricted cash and cash equivalents totaled $1,354,966 or 5 percent of total assets. Unrestricted cash and cash equivalents decreased $275,443 from the prior year. This decrease resulted primarily from a decrease in receipts for grants and contracts.

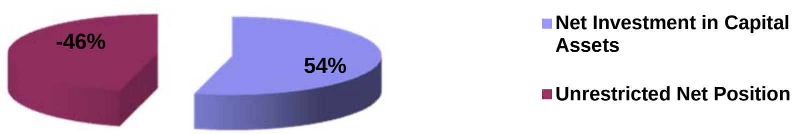
Liabilities

At June 30, 2015, the College's liabilities totaled $24,389,932, comprised of current liabilities of $5,197,203 and non-current liabilities totaling $19,192,729. Unearned tuition and fees represented $4,100,048 or 15 percent of total liabilities. Total liabilities increased during the year ended June 30, 2015 by $17,872,556. This increase is mainly attributable to the implementation of GASB 68.

Net Position

Unrestricted net position at June 30, 2015 totaled ($16,398,954) and net investment in capital assets totaled $19,310,927. Total net position decreased by $18,214,437 from the amount previously reported at June 30, 2014. This decrease is mainly attributable to the implementation of GASB 68.

Net Position



The Statement of Revenues, Expenses, and Changes in Net Position

Condensed Financial Information
Statement of Revenues, Expenses, and Changes in Net Position

	2015 (GASB 68)	2014 (GASB 27)
Total Operating Revenues	$11,938,257	$12,098,684
Total Operating Expenses	23,454,301	23,150,872
Operating Loss	(11,516,044)	(11,052,188)
Non-Operating Revenues	11,757,149	12,1520,28
Capital Appropriations	1,980,002	0
Increase (Decrease) in Net Position	2,221,107	1,099,840
Net Position, Beginning of Year	690,866	NA
Net Position, End of Year	$2,911,973	$690,866

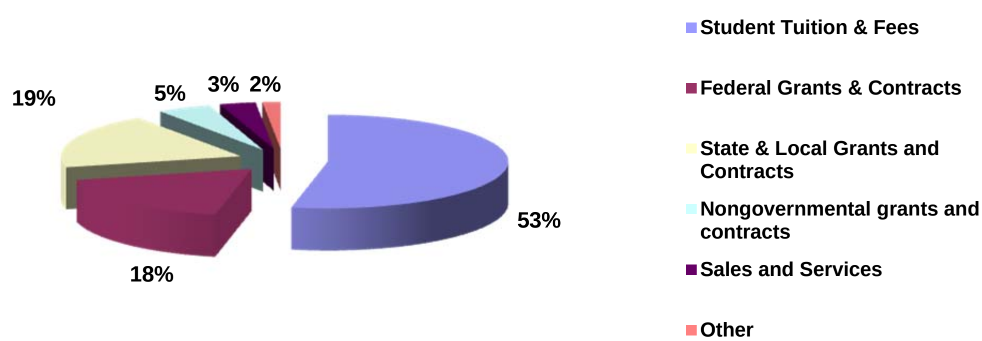
The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of $1,167,755 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $917,262. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

Total 2015 Operating Expenses under GASB 68	$ 23,454,301
Pension Expense under GASB 68	(917,262)
2015 Contractually Required Contribution	1,014,466
Adjusted 2015 Operating Expenses	23,551,505
Total 2014 Operating Expenses under GASB 27	23,150,872
Increase in Expenses not Related to Pension	$ 400,633

Condensed versions of the College's financial statements are presented below, along with a brief summary of the financial information contained therein.

Operating Revenues

Total operating revenues were $11,938,257 for the year ended June 30, 2015. The most significant sources of operating revenue for the College are net student tuition and fees, 53 percent, federal grants and contracts, 18 percent, nongovernmental grants and contracts, 5 percent, and state and local grants and contracts, 19 percent. It is important to note that tuition and fees appear net of scholarship allowances of $3,999,571. Total operating revenues decreased by $160,427 due mainly to the decrease in non-governmental grants and contracts.

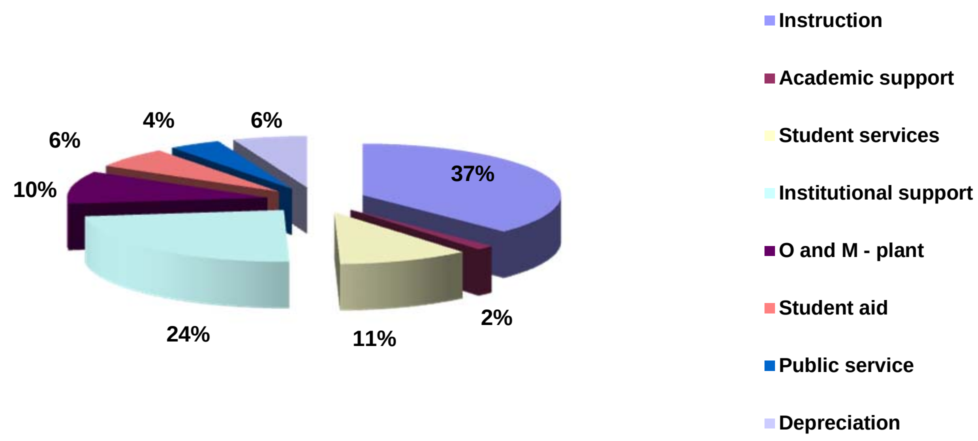


Non-operating Revenues

The other significant recurring sources of revenue essential to the operation of the College are state appropriations and some federal grants and contracts, which are considered non-operating revenue. The College's state appropriation for the fiscal year ended June 30, 2015, amounted to $7,352,991. This represents an increase of $546,192 from the College's appropriation for the prior year.

Operating Expenses

Operating expenses totaled $23,454,301. The majority of the College's operating funds are expended directly for the primary mission of the College instruction, 37 percent, academic support, 2 percent, and institutional support, 23 percent. For the year ended June 30, 2015, student aid totaled $1,506,212 or 6 percent.



The Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and cash payments made by the College during the period. The statement of cash flows also helps financial statement readers assess:

- the College's ability to generate future net cash flows,
- the College's ability to meet obligations as they become due, and
- the College's need for external financing.

Major sources of cash inflows included in operating activities are grants and contracts $4,398,074 and student tuition and fees $6,449,227. The largest cash outflows for operating activities were to employees, for wages and benefits, $14,476,473, for student aid, $1,549,684, for utilities and maintenance, $2,197,995, and to suppliers, $2,050,445.

The largest cash receipts in the non-capital financing activities group are the non-operating appropriation from the State of Ohio, $7,352,991, the non-operating federal grants and contracts, and the FFEL Loans.

Capital Assets

Capital assets, net of accumulated depreciation, totaled $19,310,927 at June 30, 2015, a net increase of $1,017,682 from the prior year-end. Additions to capital assets during the year totaled $2,428,540 and there were $17,353 in disposals. Depreciation expense for the year ended June 30, 2015 amounted to $1,410,858. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

Debt

As of June 30, 2015, the College had a note payable outstanding in the amount of $369,024. For more detailed information see Note 9 to the financial statements.

Factors Impacting Future Periods

Like most public community colleges in Ohio, North Central State College (NCSC)'s funding comes from two main sources: State Share of Instruction (SSI) and student tuition & fees. In FY 2015, the College received over $7.3 million, or approximately 39% of its total revenue, from SSI and about $10.2 million, or 54%, from student tuition & fees. Over all, enrollment was about the same in FY 2015, compared with FY 2014, better than the steep decline experienced in

FY 2012. Non-traditional student enrollment dipped in FY 2015 for the third year in a row as older students returned to an improving job market, but early college enrollment bucked this trend with a 42% uptick in enrollment. Enrollment is projected to stay flat or continue to decline in the near future, as the economy continues to recover.

In fiscal year 2015, NCSC, like all the other public institutions of higher education, has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as well as academic policy changes as a result of the new performance funding policy. While these factors pose significant challenges for the College, they also offer the opportunity to review and amend policies to position the Institution for a brighter future. NCSC will continue to work diligently to position itself against futures decreases in revenues as the long-term prospects for state higher education funding continue to look unfavorable.

Our top priority is to firm up our main strategic goals of access, success, and resources to help improve the educational and training experiences for our students, and to enable them to earn a high-quality and affordable degree or certificate in a shorter amount of time.

Final Analysis

Despite the challenges posed by external economic factors coupled with the continued decline in enrollment and the related tuition revenue, the financial health of the College continues to improve meaningfully. In response to the declining enrollment and revenue, the College has assiduously worked to judiciously reallocate resources to align its core assets to meet students' needs. As such, the financial accountability composite score assigned by the State of Ohio is expected to increase to in FY 2015. It has risen from 2.7 in FY 2013 to 3.8 in 2014.

NCSC has also been very successful in FY 2015 attracting and investing several millions of dollars in its infrastructure at the Kehoe Center to meet the critical needs of our students and regional employers. As the economy continues to evolve and change, the College will continue to remain relevant to our business partners and our students by creating and delivering solutions and leveraging our strengths to better meet the demands of the community we serve.

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Board of Regents, our citizens, taxpayers, investors, and creditors with a general overview of the College's finances, and demonstrate the College's accountability for the money it received. If you have questions about this report or need additional financial information, contact **Koffi C. Akakpo, Vice President for Business and Administrative Services at 419-755-4702.**

North Central State College
Statement of Net Position
As of June 30, 2015

	Primary Institution	Component Unit
ASSETS		
Current Assets		
Cash & Cash Equivalents	$ 1,354,966	$ 732,566
Investments	-	3,035,749
Student Accounts Receivable, Net	5,028,673	-
Intergovernmental Receivables	1,532,312	-
Prepaid expenses & deferred charges	146,096	30,789
Contributions Receivable	-	502,294
Interest in Assets held by Richland Co Foundation	-	350,000
Total Current Assets	8,062,047	4,651,398
Noncurrent Assets		
Restricted Cash & Cash Equivalents	856,945	-
Other Receivables	1,137,146	-
Capital Assets, net	19,310,927	2,007
Total Noncurrent Assets	21,305,018	2,007
Deferred Outflows		
Pension	1,183,918	-
Total Defered Outflows	1,183,918	-
Total Assets and Deferred Outflows	30,550,983	4,653,405
LIABILITIES		
Current Liabilities		
Accounts Payable & Accrued Liabilities	73,447	34,162
Unearned Tuition and Fees	4,100,048	-
Accrued Wages	1,023,708	-
Deferred Income	-	17,100
Total Current Liabilities	5,197,203	51,262
Noncurrent Liabilities		
Long-Term Liabilities	550,525	-
Net Pension Liability	18,273,180	
Notes Payable	369,024	-
Total Noncurrent Liabilities	19,192,729	-
Deferred Inflows		
Pension	3,249,078	
Total Deferred Inflows	3,249,078	-
Total Liabilities and Deferred Inflows	27,639,010	51,262
NET POSITION		
Net Investment in Capital Assets	19,310,927	-
Restricted for		
Nonexpendable		
Scholarships	-	3,389,367
Expendable		
Student Grants and Scholarships	-	1,409,822
Unrestricted	(16,398,954)	(197,046)
Total Net Position	2,911,973	4,602,143
Total Liabilities, Deferred Inflows & Net Position	$ 30,550,983	$ 4,653,405

See accompanying notes to the basic financial statements.

North Central State College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Primary Institution	Component Unit
REVENUES		
Operating Revenues:		
Tuition, Fees and Other Student Charges, Net	$ 6,356,869	$ -
Federal Grants and Contracts	2,141,659	-
State and Local Grants and Contracts	2,283,477	-
Nongovernmental Grants and Contracts	575,698	-
Sales and Services	385,315	-
Contributions	-	1,446,872
Fundraising	-	94,436
Other Operating Revenue	195,239	161,021
Total Operating Revenues	11,938,257	1,702,329
EXPENSES		
Operating Expenses		
Educational and General:		
Instruction	8,782,463	-
Academic Support	339,387	195,555
Student Services	2,500,198	-
Institutional Support	5,510,453	-
Operation and Maintenance of Plant	2,415,520	-
Student Aid and Scholarships	1,506,212	676,199
Public Service	989,210	-
Depreciation	1,410,858	-
Other Expenditures	-	222,402
Total Operating Expenses	23,454,301	1,094,156
Operating Income (Loss)	(11,516,044)	608,173
NONOPERATING REVENUES		
State Appropriations	7,352,991	-
Federal Grants & Contracts	4,403,706	-
Investment Income, Net	452	74,500
Net Nonoperating Revenues	11,757,149	74,500
Income (Loss) Before Other Revenues and Expenses	241,105	682,673
Capital Appropriations	1,980,002	-
Change in Net Position	2,221,107	682,673
NET POSITION		
Net Position, Beginning of Year (Restated)	690,866	3,919,470
Net Position, End of Year	$ 2,911,973	$ 4,602,143

See accompany notes to the basic financial statements.

North Central State College

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015

		Primary Institution
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash Flows from Operating Activities:		
Tuition and Fees	$	6,449,227
Grants and contracts		4,398,074
Payments to suppliers		(2,050,445)
Payments to employees and for benefits		(14,476,473)
Payments for utilities and maintenance		(2,197,995)
Payments for Student Aid		(1,549,684)
Sales and service of educational activities		385,315
Other receipts (payments)		(2,168,975)
Net cash used by operating activities		(11,210,956)
Cash Flows from Non-Capital and Related Financing Activities:		
FFEL Loans Received		3,990,686
FFEL Loans Disbursed		(3,990,686)
Federal Grants & Contracts		4,403,706
State appropriations		7,352,991
Net Cash provided by non-capital and related financing activities		11,756,697
Cash Flows from Capital and Related Financing Activities:		
Note Proceeds		369,024
Capital Appropriations		1,980,002
Purchases of capital assets		(2,428,540)
Net cash used by capital and related financing activities		(79,514)
Cash Flows from Investing Activities:		
Interest on investments		452
Net cash provided by investing activities		452
Net decrease in cash and cash equivalents		466,679
Cash and Cash Equivalents, Beginning of Year		1,745,232
Cash and Cash Equivalents, End of Year	$	2,211,911
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	$	(11,516,044)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation		1,410,858
Pension Expense Adjustment		(97,204)
Change in Assets and Liabilities:		
Receivables, Net		(247,715)
Prepaid Expenses		8,798
Payables		(265,756)
Accrued Wages		(25,356)
Unearned Tuition and Fees		(475,516)
Compensated absences		(3,021)
Net cash used by operating activities	$	(11,210,956)

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE ENTITY

North Central Ohio Technical Institute (the "College") was chartered in 1969 under provisions of Section 3357 of the Ohio Revised Code. This action of the Ohio Board of Regents and the Secretary of State created the Technical College District in the contiguous counties of Ashland, Crawford, and Richland. In August of 1999, the Board of Trustees changed the name of the College to North Central State College. The College is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College offers associate degree programs and certificate programs that prepare individuals to be technicians and paraprofessionals in business technologies, engineering technologies, health technologies, and public service technologies. The College also offers noncredit continuing education classes and customized contract-training services to companies and employees in the service area. The College is directed by a Board of Trustees, the members of which are public representatives of Ashland, Crawford and Richland Counties.

In preparing these financial statements, the College follows Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity Omnibus*. These pronouncements require inclusion of certain entities in the College's financial reporting entity as component units and the North Central State College Foundation (the "Foundation") is therefore included in the College's financial reporting entity. Since the restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). See Note 13 for additional disclosures regarding the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the College's accounting policies are described below:

A. Basis of Presentation – The College applies GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by GASB Statements No. 34/35 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.

B. Basis of Accounting - The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The College reports as a "business type activity" as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The full scope of the College's activities is considered to be a single business type activity and accordingly, is reported within a single column in the basic financial statements.

C. Budgetary Process - The budget is an annual plan for the financial operations of the College that establishes a basis of control and evaluation of activities financed through the current funds of the College. Formal adoption of the budget into the accounting records is not legally mandated and, thus, the College does not integrate the budget into its accounts.

D. Cash and Investments - For purposes of presentation on the Statement of Net Position and the Statement of Cash Flows, investments with maturities of three months or less at the time they are purchased are considered to be cash equivalents. During fiscal year 2015, investments were limited to STAR Ohio. These investments are reported as cash equivalents on the Statement of Net Position. Investments are reported at fair value which is based on quoted market prices.

E. Accounts Receivable - Receivables at June 30, 2015, consist primarily of student tuition and fees, and grants due from other agencies. Student tuition and fees are reported net using the direct write-off method.

F. Capital Assets - Donated land, buildings, improvements, and equipment are capitalized at estimated fair market value on the date of the gift. The College capitalizes assets other than land and building improvements that have a value or cost in excess of $2,500 and an expected useful life of one or more years. Land and building improvements that significantly increase the value or useful life of the asset of more than $12,500 and $25,000, respectively, are also capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. Infrastructure assets, consisting of sidewalks, parking lots, lighting systems and signage, are capitalized and reported. Capital assets, with the exception of land, are depreciated using the straight-line method and full-month convention over the following useful lives:

Land Improvements	20-30 years
Buildings	40 years
Building Improvements	7-30 years
Equipment	5-20 years
Vehicles	5-10 years
Infrastructure	25 years
Leasehold Improvements	7-30 years

G. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year.

H. Unearned Tuition and Fees – Unearned tuition and fees is principally comprised of receipts relating to tuition and fees received in advance of the sessions that are primarily or fully conducted in the next accounting period. The College recognizes this revenue in the fiscal year that the sessions are predominately conducted.

I. Compensated Absences - GASB Statement No. 16, *Accounting for Compensated Absences*, specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.

2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee. Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The College has accrued a liability for these compensated absences using the termination method when the following criteria are met:

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

2. The sick leave liability has been based on the College's past experience of making termination payments for sick leave.

J. *Operating and Non-Operating Revenues and Expenses*

The College presents its revenues and expenses as operating or non-operating based on recognition definitions per GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trusts Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the College. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered non-operating since these are investing, capital, or noncapital financial activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying Statement of Revenues, Expenses and Changes in Net Assets. The College had no revenues for capital financing activities for the fiscal year ended June 30, 2015.

K. *Scholarship Allowances*

Student tuition and fees revenue is reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses and Changes in Net Assets.

The scholarship allowance represents the difference between actual charges for goods and services provided by the College and the amount that is paid by the student or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the Statement of Revenues, Expenses and Changes in Net Assets. 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.

L. *Net Position*

The College's net position is classified as follows:

Net Investment in Capital Assets – This is comprised of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvements of those assets.

Unrestricted **–** Net position whose use by the College is not subject to externally imposed stipulations. Unrestricted net position 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.

M. *Income Taxes* – Income taxes have not been provided 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.

N. *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 amounts reported in the financial statements and disclosure in the footnotes. Actual results could differ from those estimates.

NOTE 3 - CASH AND CASH EQUIVALENTS

A. Policies and Practices - It is the responsibility of the Business and Finance Department to deposit and invest the College's idle funds. The College's practice is to limit investments to United States Treasury notes and bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other United States agencies for which the principal and interest is guaranteed by the United States Government. The College does not enter into reverse repurchase agreements. The investment and deposit of College monies is governed by the Ohio Revised Code. Investment of the College's monies is restricted to certificates of deposit, savings accounts, money market accounts and the State Treasurer's Investment Pool (STAR Ohio), obligations of the United States Government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities.

The College may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. Public depositories must give security for all public funds on deposit. These institutions may specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. State law does not require security for the public deposits and investments to be maintained in the College's name.

B. Cash on Hand - At June 30, 2015, the College had $2,200 in un-deposited cash on hand which is reported as part of cash and cash equivalents on the Statement of Net Position.

C. Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The College's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

D. Investments - The State Treasurer's Investment Pool (STAR Ohio) is authorized as an investment under both the College's policy and the Ohio Revised Code.

As of June 30, 2015, the primary government had the following investment (based on quoted market prices) and maturity (in years):

Investment Type	Fair Value	Less than 1	Percent of Portfolio
STAR Ohio	$467,909	$467,909	100%

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy is to invest in allowable investments per the Ohio Revised Code. The Ohio Revised Code limits the purchase of securities to those with a maturity of no more than five years from the date of purchase unless matched to a specific obligation or debt of the College. The College's investment policy also allows the entering into a repurchase agreement with any eligible depository for a period not exceeding thirty days.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Ohio Revised Code limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase. Standard & Poor's has assigned STAR Ohio a rating of AAAm.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have an investment policy that provides for diversification to avoid concentration in securities of one type or securities of one financial institution. 100% has been invested in STAR Ohio.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College is not exposed to custodial credit risk for its investments.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2015 are summarized as follows:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Student Accounts	$5,326,535	$297,781	$5,028,754
Intergovernmental	1,532,312	0	1,532,312
Other	1,137,146	0	1,137,146
Total Receivables	$7,995,993	$297,781	$7,698,212

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NOTE 5 - CAPITAL ASSETS

Capital assets as of June 30, 2015 are summarized as follows:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Non-Depreciable Assets				
Land	225,629	-	-	225,629
Construction in Progress	247,070	1,965,209	1,217,181	995,098
	472,699	1,965,209	1,217,181	1,220,727
Depreciable Assets				
Land Improvements	2,196,543	-	-	2,196,543
Buildings	14,809,029	-	-	14,809,029
Building Improvements	7,887,139	748,035	-	8,635,174
Infrastructure	205,390	469,146	-	674,536
Leasehold Improvements	4,427,362	-	-	4,427,362
Vehicles	122,510	3,374	-	125,884
Equipment	6,028,291	459,957	17,353	6,470,895
	35,676,264	1,680,512	17,353	37,339,423
Accumulated Depreciation				
Land Improvements	(922,200)	(88,276)	-	(1,010,476)
Buildings	(7,277,511)	(353,533)	-	(7,631,044)
Building Improvements	(2,240,209)	(317,775)	-	(2,557,984)
Infrastructure	(126,056)	(26,982)	-	(153,038)
Leasehold Improvements	(1,994,358)	(184,393)	-	(2,178,751)
Vehicles	(99,405)	(5,419)	-	(104,824)
Equipment	(5,195,978)	(434,481)	(17,353)	(5,613,106)
	(17,855,717)	(1,410,859)	(17,353)	(19,249,223)
	18,293,246	2,234,862	1,217,181	19,310,927

NOTE 6 - STATE SUPPORT

The College is a state-assisted institution of higher education that receives a student-based subsidy from the State of Ohio. The subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available.

In addition to the student subsidies, the State of Ohio provides the funding for and constructs major plant facilities on the College's campus. The funding is obtained from the issuance of special obligation bonds by the Ohio Public Facilities Commission, which in turn causes the construction and subsequent lease of the facility by the Ohio Board of Regents. Upon completion of the facility, the Board of Regents turns over control to the College which capitalizes the cost thereof. Neither the obligation for the special obligation bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the financial statements of the College.

These are currently being funded through appropriations to the Ohio Board of Regents by the Ohio General Assembly. Construction in progress for any portion of the facilities being financed by the state agencies for use by the College is recorded on the College's books of account as costs are incurred.

The facilities are not pledged as collateral for the special obligation 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 pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State.

Outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's Statement of Net Assets. In addition, the appropriations by the Ohio General Assembly to the Board of Regents for payment of debt services are not shown as appropriation revenue received by the College and the related debt service payments are not recorded in the accounts of the College.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

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's 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's 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 accrued wages and benefits 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 contractually required contribution to SERS was $408,063 for fiscal year 2015.

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 year 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 year 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 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 contractually required contribution to STRS was $606,403 for fiscal year 2015.

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
Proportionate Share of the Net Pension Liability	$ 5,794,021	$ 12,479,159	$ 18,273,180
Proportion of the Net Pension Liability	0.11448500%	0.05130503%	
Pension Expense	$ 340,736	$ 576,526	$ 917,262

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	$49,313	$120,139	$169,452
College contributions subsequent to the measurement date	408,063	606,403	1,014,466
Total Deferred Outflows of Resources	$457,376	$726,542	$1,183,918
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$940,386	$2,308,692	$3,249,078

$1,014,466 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	($222,769)	($547,139)	($769,908)
2017	(222,768)	(547,138)	(769,906)
2018	(222,768)	(547,138)	(769,906)
2019	(222,768)	(547,138)	(769,906)
Total	($891,073)	($2,188,553)	($3,079,626)

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 22.00 percent
COLA or Ad Hoc COLA	3.00 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	1.0%	0.0%
US Stocks	22.5%	5.0%
Non-US Stocks	22.5%	5.5%
Fixed Income	19.0%	1.5%
Private Equity	10.0%	10.0%
Real Assets	10.0%	5.0%
Multi-Assets Strategies	15.0%	7.5%
Total	100.0%	

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%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	$ 5,736,081	$ 5,794,021	$ 5,851,961

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%)	Current Discount (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	$ 12,354,367	$ 12,479,159	$ 12,603,951

NOTE 8 - POSTEMPLOYMENT BENEFITS

The College provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

A. 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 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 partial 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 Annual Financial 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. The 14 percent employer contribution rate is the maximum rate established under Ohio law. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2015, 2014 and 2013. For the College, these amounts were $46,646, $50,094, and $51,992, for fiscal years 2015, 2014 and 2013 respectively, which equaled the required allocation for each year.

B. School Employees Retirement System

In addition to a cost-sharing multiple employer defined benefit pension plan, the School Employees Retirement System of Ohio (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 2013 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, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2015, 2014 and 2013, the actuarially required allocations were 0.76 percent, 0.74 percent, and 0.74 percent, respectively. For the College, contributions for the years ended June 30, 2015, 2014 and 2013, were $0, $24,655, and $24,034, respectively, which equaled the required contributions for those years.

Health Care Plan

Ohio Revised Code 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 HMO's, PPO's, 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 Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment 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 percent contribution to the Health Care Fund. At June 30, 2015, 2014 and 2013, the health care allocation was .14 percent, .16 percent, and .16 percent, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statute provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at $20,525. For the College, the amounts assigned to fund health care benefits, including the surcharge, during the 2015, 2014 and 2013 fiscal years equaled $49,785, $45,522, and $59,746, respectively, which equaled the required allocation for each year.

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 on the SERS website at www.ohsers.org under *Employers / Audit Resources.*

NOTE 9 - LONG-TERM LIABILITIES

Changes in long-term liabilities are as follows:

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Current Portion
Compensated Absences	553,546	550,525	553,546	550,525	-
Net Pension Liability		18,273,180		18,273,180	-
Note Payable		369,024		369,024	-
Total Long-Term Liabilities	553,546	19,192,729	553,546	19,192,729	-

Note Payable

During fiscal year 2015, the College entered into an Energy Loan agreement with the Ohio Development Services Agency to upgrade certain building components to provide energy efficiencies and other improvements. The total borrowing amount authorized under this agreement is $1 million. As of June 30, 2015 the College has drawn down funds in the amount of $369,024 and has recorded a note payable liability for that amount. This loan has not been closed and therefore no amortization or repayment schedule has been developed.

NOTE 10 - OPERATING EXPENSES BY FUNCTION AND NATURAL CLASS

	Payroll and Benefits	Supplies and Other Services	Utilities and Maintenance	Student Aid and Scholarships	Depreciation Expense	Other Expense	Total
Instruction	7,817,669	623,113	1,088	-	-	340,593	8,782,463
Academic support	136,573	8,570	145,799	22,768	-	25,677	339,387
Student services	1,876,104	390,382	38,454	20,704	-	174,554	2,500,198
Institutional support	2,987,828	806,321	218,301	-	-	1,498,003	5,510,453
Operation & maintenance of plant	745,927	127,811	1,537,395	-	-	4,387	2,415,520
Student aid	-	-	-	1,506,212	-	-	1,506,212
Public service	786,792	94,248	-	-	-	108,170	989,210
Depreciation	-	-	-	-	1,410,858	-	1,410,858
Total operating expenses	14,350,893	2,050,445	1,941,037	1,549,684	1,410,858	2,151,384	23,454,301

NOTE 11 - CONTINGENCIES

A. Federal and State Grants

The College participates in certain state and federally-assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of the College, no material grant disbursements will be disallowed.

B. Litigation

The College is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the College's counsel that resolutions of these matters will not have a material adverse effect on the financial condition of the College.

NOTE 12 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft; damage to or destruction of assets; errors and omissions; employee injuries; and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the College has addressed these various types of risk. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

NOTE 13 - COMPONENT UNIT DISCLOSURES- NORTH CENTRAL STATE COLLEGE FOUNDATION

DESCRIPTION OF THE FOUNDATION

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting, under the provisions of FASB Accounting Standards Codification (ASC) No. 958 "Not-for-Profit Entities". The Foundation is a not-for-profit organization established in accordance with Section 501(c) (3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

The Foundation is included in the College's financial statements as a component unit. There are terminology differences due to the College following GASB pronouncements and the Foundation following FASB pronouncements. For example, GASB uses the term "net position" and FASB uses the term "net assets". The College's Statement of Net Position and the Statement of Activities use GASB terminology to be consistent with the College's reporting. However, the terminology used in this footnote is consistent with FASB.

With the exceptions of the above mentioned presentation adjustments to conform to the College's GASB reporting format in the College's Statement of Net Position and Statement of Activities, no modifications have been made to the Foundation's financial information in the College's financial report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions
The Foundation reports unconditional promises to give, with payments due in future periods, as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

Financial Statement Presentation
The Foundation reports amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of each of the categories is as follows:

Unrestricted Net Assets
Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted Net Assets
Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

Permanently Restricted Net Assets
Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues, Expenses, and Changes in Net Assets as net assets released from restrictions.

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

Investments
The Foundation reports investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Net Assets. Unrealized gains and losses are included in the change in net assets. Investments of the unrestricted, temporarily restricted, and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted, and permanently restricted funds.

Donated Service and Facilities
The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of North Central State College, utilizing equipment and facilities of North Central State College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the

Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses as required by the accrual basis of accounting.

Contributions Receivable
Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met. The Foundation requires an initial minimum balance of $10,000 to establish a scholarship fund.

Prepaid Expenses
Certain payments to vendors for fundraising activities reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets
Capital assets acquired by the Foundation consist of office equipment. All expenditures for capital assets in excess of $1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets not to exceed ten years.

Deferred Income
Deferred income results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred income is recognized as revenue in the period that the fundraising activity actually occurs.

Estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

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INVESTMENTS

The various investments in fixed income securities, mutual funds and other investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the financial statements.

At June 30, 2015, investments consisted of the following:

		Maturity					
	Market / Carrying Value	Less Than One Year	1-2 Years	3-5 Years	6-7 Years	Various Maturity within Fund	No Maturity
Money Market Investments - US Government Obligations	$187,538	$187,538	-	-	-	-	-
Corporate Bonds	122,475	48,060	25,015	49,400	-	-	-
Mutual Funds - Fixed Income	633,072	59,064	151,725	88,597	24,698	308,988	-
Mutual Funds - Equity Securities	936,200	-	-	-	-	936,200	-
Common Stock	8,724	-	-	-	-	8,724	-
ADR / Foreign Equities	660,800	-	-	-	-	63,047	597,753
Preferred Stock	195,972	-	-	-	-	-	195,972
ADR / Foreign Preferred	262,097	-	-	-	-	-	262,097
REIT	24,588	-	-	-	-	9,327	15,261
Rights and Warrants	4,283	-	-	-	-	-	4,283
Total	$3,035,749	$294,662	$176,740	$137,997	$24,698	$1,326,286	$1,075,366

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in ASC No. 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation’s own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

The fair value of investments held by the Foundation at June 30, 2015 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments	$187,538	$0	$0
Corporate Bonds	122,475	0	0
Mutual Funds – Fixed Income	633,072	0	0
Mutual Funds – Equity Securities	936,200	0	0
Common Stock	8,724	0	0
ADR / Foreign Equities	660,800	0	0
Preferred Stock	195,972	0	0
ADR / Foreign Preferred	262,097	0	0
REIT	24,588	0	0
Rights and Warrants	4,283	0	0
Total	$3,035,749	$0	$0

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2015 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2015:

Unconditional promises to give before unamortized discount and allowance for uncollectible contributions:

Unrestricted	$22,065
Temporarily restricted	372,014
Permanently restricted	205,113
Gross unconditional promises to give	599,192
Less: Unamortized discount	(36,979)
Less: Allowance for uncollectible contributions	(59,919)
Amounts due:	
Less than one year	$502,294

TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors.

Scholarships for Students	$90,903
Grants	143,111
Other	442,185
Total Released Net Assets	$676,199

Temporarily and permanently restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for the use of providing scholarships to the College's students, providing professional development funds to the College staff and for purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

The different types of temporarily restricted net assets are classified as follows:

Restricted for Scholarships and Other:		
Avita Health	$	104
ADA Ford Educ Aid		5,844
Alumni Association		2,786
Bennett		1,033
Brown Respiratory Care		1,997
Cardwell Neer		22
Carter Memorial		4,610
Chambers		117
Cobey		1,579
Coleman		1,903
Cress		1,996
Emerson		10,021
Faculty		933
Galion FOP		2,038
Garber		4,724
Gimble - Health Chair		47,567
G-R Civic		1,738
G-R Rupp		5,747
Gubkin		803
Hahn		34
Haring		3,225
Jenko		48,841
Kroger		2,386
MIMA - Urban Center		2,465
Martin Speech		302
Necessities		25,281
Necessities - Crawford		11,587
Necessities - Shelby		11,838
Necessities - Wayne		6,000
Nursing		15,471
Orange and Blue		16,419
PTA Fund		2,733
Phillips Fund		6,028
Phillips E Troop		4,763
Plotts		660
President Emeritus		1,633
Preston		3,371
RMC		1,679
Scheaffer		626
Searle - PTA		14,599
Searle - RN		13,157
Welsh		3,493
Vetter		674
YES Entrepreneur		5,925
Ambassador		8,374
CDC Small Steps		884
Gimbel Scholarship		22,038

Restricted for Scholarships and Other (Continued):	
Gorman Fund	26,936
Scholarships (General)	19,777
Mansfield University	3,157
Innovation Fund	7,183
Rable Machine Scholarship	601
Radiology Merit Scholarship	3,091
Tech Prep	5,750
Equipment	14,568
CC Project Fund	37,720
College Project Fund	36,319
Crawford Cty Project Fund	350,316
Urban Center Fund	80,481
Temporarily Restricted Other	143,875
	$ 1,059,822

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PERMANENTLY RESTRICTED NET ASSETS

Endowments:		
Avita Health	$	10,000
ADA Ford Educ Aid		20,000
Alumni Association		19,623
Bennett		19,383
Brown Respiratory Care		12,116
Cardwell Neer		10,048
Carter Memorial		31,267
Chambers		4,250
Cobey		19,201
Coleman		23,066
Cress		26,800
Diab		3,255
Dewald		9,500
Emerson		105,402
Faculty		11,924
Galion FOP		13,376
Garber		29,030
Gimble - Health Chair		610,000
G-R Civic		22,463
G-R Rupp		56,661
Gubkin		10,213
Hahn		1,250
Haring		24,334
Jenko		699,933
Kroger		36,129
MIMA - Urban Center		14,866
Martin Speech		12,144
Necessities		139,173
Necessities - Crawford		54,950
Necessities - Shelby		62,166
Necessities - Wayne		26,275
Nursing		237,461
Orange and Blue		294,493
PTA Fund		34,325
Phillips		48,000
Phillips E Troop		26,673
Plotts Endowment		8,853
President Emeritus		20,320
Preston		37,235
RMC		23,047
Sheaffer		11,658
Searle - PTA		97,750
Searle - RN		97,750
Welsh		53,678
Vetter		12,125
YES Entrepreneur		40,835
Restricted -Other		206,366
	$	3,389,367

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2015.

Endowment Composition:

Endowment Net Assets Composisition by Type of Fund as of June 30, 2015

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total Endowment
Donor -restricted endowment funds	$ -	$ -	$ 3,389,367	$ 3,389,367
Board-designated endowment funds	-	-	-	-
Total Funds	$ -	$ -	$ 3,389,367	$ 3,389,367

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total Endowment
Endowment net assets, beginning of year	$ -	$ -	$ 3,095,515	$ 3,095,515
Investment income, including realized and unrealized gains and losses	-	22,232	-	22,232
Contributions			293,852	293,852
Appropriation of endowment assets for expenditure	-	(22,232)	-	(22,232)
Endowment net assets, end of year	$ -	$ -	$ 3,389,367	$ 3,389,367

RICHLAND COUNTY FOUNDATION

During 1991, the Foundation established a "Direct Fund" in which an irrevocable gift was made to the Richland County Foundation. This fund is identified by the Richland County Foundation as the North Central State College Foundation "Endowment Fund" and is subject to the provisions contained within the fund agreement dated December 31, 1991. This fund is the property of the Richland County Foundation, whereby, those funds will be held in perpetuity, and the investment income will be distributed to the Foundation annually to benefit the North Central State College. One of the provisions in this fund agreement, the variance power, concerns the power to vary some of the terms of the agreement. As defined by United States Treasury Regulations, the Richland County Foundation has the right to modify the terms of the fund agreement if in the judgment of the Richland County Foundation's Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation's Statement of Financial Position as a liability called "Funds Held as Agency Endowments". This amounted to $350,000 at June 30, 2015.

Also, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2015 totaled $325,171.

INCOME TAXES

The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code, and the organization is exempt from federal and state income taxes.

RELATED PARTY

As previously described in Note 13, the Foundation is affiliated with the College. During the year ended June 30, 2015, the College provided the Foundation with professional services valued at $195,555. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2015, the Foundation provided scholarships and support to the College of $ 676,199.

An Investment Firm received $9,189 for investment management services provided to the Foundation. An owner of this Investment Firm is a member of the Board of Trustees.

SUBSEQUENT EVENTS

The Foundation has evaluated events occurring between the end of its most recent fiscal year and December 2, 2015, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

The College adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement Number 68. GASB Statement Number 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources and expenses. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 and have been implemented by the College. GASB Statement Number 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources of its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$21,126,410
Adjustments:	
Net Pension Liability	(21,603,299)
Deferred Outflow - Payments Subsequent to Measurement Date	1,167,755
Restated Net Position June 30, 2014	$690,866

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.

Required Supplementary Information

North Central State College

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Two Fiscal Years (1) (2)

	2014	2013
College's Proportion of the Net Pension Liability	0.05130503%	0.05130503%
College's Proportionate Share of the Net Pension Liability	$12,479,159	$14,792,503
College's Covered-Employee Payroll	$5,394,746	$5,599,092
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	231.32%	264.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) - Information prior to 2013 is not available

(2) - College records its proportionate share of the net pension liability one year subsequent to the Pension Plan's year

North Central State College

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Two Fiscal Years (1)

	2014	2013
College's Proportion of the Net Pension Liability	0.11448500%	0.11448500%
College's Proportionate Share of the Net Pension Liability	$5,794,021	$6,810,796
College's Covered-Employee Payroll	$3,365,354	$3,373,172
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	172.17%	201.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) - Information prior to 2013 is not available

(2) - College records its proportionate share of the net pension liability one year subsequent to the Pension Plan's year

North Central State College

Required Supplementary Information

Schedule of College Contributions

State Teachers Retirement System of Ohio

Last Two Fiscal Years (1)

	2015	2014
Contractually Required Contribution	$606,403	$701,317
Contributions in Relation to the Contractually Required Contribution	(606,403)	(701,317)
Contribution Deficiency (Excess)	$0	$0
College Covered-Employee Payroll	$4,331,450	$5,394,746
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%

(1) - Information prior to 2014 is not available

North Central State College
Required Supplementary Information
Schedule of College Contributions
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2015	2014
Contractually Required Contribution	$408,063	$466,438
Contributions in Relation to the Contractually Required Contribution	(408,063)	(466,438)
Contribution Deficiency (Excess)	$0	$0
College Covered-Employee Payroll	$3,096,077	$3,365,354
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%

(1) - Information prior to 2014 is not available