

RIO GRANDE COMMUNITY COLLEGE

Financial Statements

June 30, 2015

with Independent Auditors' Report



Dave Yost • Auditor of State

Board of Trustees
Rio Grande Community College
218 North College Street
P.O. Box 326
Rio Grande, Ohio 45674

We have reviewed the *Independent Auditors' Report* of the Rio Grande Community College, Gallia County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Rio Grande Community College is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 25, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

Report on the Financial Statements

We have audited the accompanying basic financial statements of Rio Grande Community 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of June 30, 2015, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

During fiscal year ended June 30, 2015, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. As a result of the implementation of GASB Statements No. 68 and 71, the College reported a restatement for the change in accounting principle (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and the schedules of the College's proportionate share of the net pension liability (page 30) and College contributions (page 31) 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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 21, 2015

The discussion and analysis of Rio Grande Community College's financial statements provide an overview of the College's financial activities for the fiscal year ended June 30, 2015. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report

The following activities are included in the financial statements:

Primary Institution (College) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service and support services.

Management's discussion and analysis is focused on the College. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. The Statement of Revenues, Expenses, and Changes in Net Position focus on the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

Financial highlights

The College's financial position remained steady during the fiscal year ended June 30, 2015. Current assets increased by over 5.3% from the previous fiscal year primarily due to an increase in overall cash and cash equivalents and intergovernmental receivables as a result of the increased capital appropriations related to the College's various building improvement projects to be received from the State of Ohio.

During the fiscal year ended June 30, 2015, the College's total revenue exceeded total expenses creating an increase in net position of \$456,231 (compared to a \$4,413,436 increase from the previous fiscal year). The prior year's increase was larger primarily due to increases of state and capital appropriations.

For fiscal year ended June 30, 2015, the contract between the College and the University of Rio Grande was modified so that all charges for main campus community college students were billed and collected by the College. This is a significant change from prior fiscal years in which auxiliary charges and student fees for students on main campus were billed by the University, rather than the College. In prior fiscal years, these revenues were not reflected on the College's financial statements and have resulted in higher revenues and contract expenses for the current year.

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

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

These two statements report the College's Net Position and the changes that occur in them during the year. You can think of the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's Net Position are one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, condition of the buildings and campus, new buildings in off-campus locations opened during the year and the strength of the instructional services to accurately assess the overall health of the College.

Rio Grande Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(Unaudited)

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

A comparative summary of the major components of the College's Net Position follows:

Net Position			
As of June 30			(Restated)
		<u>2015</u>	<u>2014</u>
Current assets	\$	6,872,461	6,523,465
Noncurrent assets:			
Capital assets (net of depreciation)		<u>11,583,322</u>	<u>11,883,621</u>
		<u>18,455,783</u>	<u>18,407,086</u>
Deferred outflows of resources		96,977	71,612
Current liabilities		546,355	994,585
Noncurrent liabilities		<u>373,880</u>	<u>368,081</u>
		<u>920,235</u>	<u>1,362,666</u>
Deferred inflows of resources		<u>806,860</u>	<u>746,598</u>
Net position:			
Net investment in capital assets		11,583,322	11,883,621
Restricted to capital projects		1,686,092	1,419,392
Unrestricted		<u>3,556,251</u>	<u>3,066,421</u>
	\$	<u>16,825,665</u>	<u>16,369,434</u>

During 2015, the College adopted GASB Statement No. 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 these financial statements 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 against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

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 \$16,665,903 to \$16,369,434.

The increase in current assets is primarily due to an increase of cash in the amount of \$394,872. The cash increase was largely a result of state appropriations, tax levies and student charges exceeding operating expenses.

The decrease in capital assets is due to renovation projects and equipment purchases totaling \$382,328 being offset by current year depreciation charges of \$682,627.

The decrease in current liabilities of \$448,230 is due primarily to the payment of contracts payable to vendors related to the Wood Hall renovation project.

Rio Grande Community College
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(Unaudited)

The increase in net position restricted to capital projects reflects \$291,577 in capital component monies received from the state during the fiscal year, and is offset by \$24,877 in payments related to capital projects from these funds. The increase in unrestricted net position is largely a result of current year operations.

A comparative summary of the College's revenues, expenses and changes in net position follows:

Operating Results		
For the Year Ended June 30		
	2015	(Restated) 2014
Operating revenues:		
Student tuition	\$ 7,617,587	6,276,618
State grants	139,306	83,133
Auxiliary enterprises	3,714,029	-
Other	45,131	61,175
Total operating revenues	11,516,053	6,420,926
Operating expenses:		
Educational and general:		
Instructional support	15,643,968	9,506,352
Institutional support	1,302,335	1,031,976
Depreciation	682,627	499,545
Total operating expenses	17,628,930	11,037,873
Operating loss	(6,112,877)	(4,616,947)
Nonoperating revenues:		
State appropriations	5,243,456	4,753,629
Property taxes	788,014	753,356
Investment income	3,930	5,374
Total nonoperating income	6,035,400	5,512,359
Income (loss) before other revenues, expenses, gains or losses	(77,477)	895,412
Capital appropriations	533,708	3,518,024
Change in net position	456,231	4,413,436
Net position - beginning of year	16,369,434	12,252,467
Restatement necessary to implement GASB 68	-	(296,469)
Net position - end of year, as restated	\$ 16,825,665	16,369,434

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 operating expenses still include pension expense of \$43,477 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 or resources. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$43,725. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	\$	17,628,930
Pension expense under GASB 68		(43,725)
2015 contractually required contribution		<u>51,662</u>
Adjusted 2015 program expenses		17,636,867
Total 2014 operating expenses under GASB 27		<u>11,037,873</u>
Increase in operating expenses not related to pension	\$	<u>6,598,994</u>

Operating revenues

Operating revenues include all operating transactions of the College, including tuition. In addition, certain federal and state grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating revenue changes of \$5,095,127 are primarily the result of changes to the instructional services contract with the University of Rio Grande, as described above in the financial highlights sections. Under the prior contract, Student Tuition would have been \$5,068,776 which is a decrease of \$1,207,842 from the prior year.

Operating expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. The most significant expense for the college is instructional support in the amount of \$15,643,968, which consists entirely of instructional services contract payments to the University of Rio Grande for instructional and administrative services. This amount is an increase of \$6,137,616 from the prior year. This increase is a result of the changes to the instructional services contract as described in the financial highlights section above. Under the changes to the contract, the instructional services payment includes the 96% of all charges to community college students; include tuition, fees and auxiliary. In prior fiscal years, the contract payment included 96% of student charges for tuition only. The instructional services contract represents 89% of the College's operating expenses.

Nonoperating revenues

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of State appropriations, local tax revenues and investment income.

State Share of Instruction appropriations increased by \$489,827 when compared to 2014. This increase was in accordance with the State funding formula calculations. The increase in property tax revenue is due primarily to increased property values.

Total capital appropriations decreased by \$2,984,316 when compared with 2014. This is due to the funds received for the renovation of Wood Hall during fiscal year 2014.

Statement of Cash Flows

Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing.

A comparative summary of the College's cash flows are as follows:

Cash Flows		
For the Year Ended June 30		
	2015	2014
Net cash from:		
Operating activities	\$ (5,794,625)	(5,043,312)
Noncapital financing activities	6,034,187	5,465,006
Capital and related financing activities	151,380	292,915
Investing activities	3,930	5,374
Change in cash and cash equivalents	394,872	719,983
Cash and cash equivalents - beginning of year	3,417,139	2,697,156
Cash and cash equivalents - end of year	\$ 3,812,011	3,417,139

For the year ended June 30, 2015, the net cash used by operating activities indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition and certain federal and State grants. These costs included the instructional contract with the University of Rio Grande. However, this amount is offset by the net cash from noncapital financing activities and is indicative of the tremendous need that the College has for the appropriations from the State and local tax levies. The cash position of the College increased \$394,872 from 2014 to 2015, primarily due to increased State appropriations.

Capital assets

At June 30, 2015, the College had \$11.6 million invested in capital assets, net of accumulated depreciation of \$28.6 million. Depreciation charges totaled \$682,627 for the current fiscal year. A comparative summary of these assets is as follows:

Capital Assets, Net of Accumulated Depreciation		
As of June 30		
	2015	2014
Land and land improvements	\$ 25,348	33,496
Buildings	7,704,708	8,084,799
Building improvements	3,567,226	3,647,810
Equipment	286,040	117,516
	\$ 11,583,322	11,883,621

More detailed information about the College's capital assets is presented in the notes to the basic financial statements.

Economic factors that will affect the future

The economic position of the College is closely tied to that of the State. Beginning with the fiscal year ending June 30, 2015, 100% of the funding from State Share of Instruction is based upon student course and degree completions and other student success benchmarks. State appropriations are based on the results of the College's student completion and retention rates. In addition to state appropriations and the local property tax levy, the College is heavily dependent on student tuition and fees. For the 2015-2016 and 2016-2017 academic years, the state legislature has prohibited any increases in tuition for all state funded community colleges. As a result, the college's tuition rate will remain the same through fiscal year 2017.

Contacting the College's financial management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Rio Grande Community College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kent Haley, CPA, Chief Financial Officer at Rio Grande Community College, 218 North College Street, P.O. Box 326, Rio Grande, Ohio 45674 or call (740) 245-7236.

Rio Grande Community College
Statement of Net Position
June 30, 2015

Current assets	
Cash and cash equivalents	\$ 3,812,011
Receivables:	
Tuition (less allowance for uncollectible amount of \$573,492)	1,959,443
Intergovernmental	56,570
Property taxes	877,497
Prepaid expenses	<u>166,940</u>
Total current assets	<u>6,872,461</u>
Noncurrent assets	
Capital assets, net	<u>11,583,322</u>
Total assets	<u>18,455,783</u>
Deferred outflows of resources	
Pensions	<u>96,977</u>
Current liabilities	
Accounts payable and accrued liabilities	106,480
Unearned revenue	<u>439,875</u>
Total current liabilities	<u>546,355</u>
Noncurrent liabilities	
Net pension liability	<u>373,880</u>
Total liabilities	<u>920,235</u>
Deferred inflows of resources	
Property tax	799,080
Pensions	<u>7,780</u>
Total deferred inflows of resources	<u>806,860</u>
Net position	
Net investment in capital assets	11,583,322
Restricted:	
Capital projects	1,686,092
Unrestricted	<u>3,556,251</u>
Total net position	<u>\$ 16,825,665</u>

See accompanying notes to the basic financial statements.

Rio Grande Community College
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2015

Operating revenues:	
Student tuition and fees	\$ 7,617,587
State grants	139,306
Auxiliary enterprises	3,714,029
Other	<u>45,131</u>
Total operating revenues	<u>11,516,053</u>
Operating expenses:	
Instructional contract expense	15,643,968
Lease payment expense	216,000
Bad debt/collection expenses	274,331
Grant expenses	108,149
Salaries	364,344
Fringe benefits	114,327
Advertising/promotions	40,287
Professional fees	18,350
Office expenses	39,580
Travel and conferences	9,605
Dues and subscriptions	19,552
Insurance	12,091
Other expenses	85,719
Depreciation	<u>682,627</u>
Total operating expenses	<u>17,628,930</u>
Operating loss	<u>(6,112,877)</u>
Nonoperating revenues:	
State appropriations	5,243,456
Property taxes	788,014
Investment income	<u>3,930</u>
Total nonoperating revenues	<u>6,035,400</u>
Loss before other revenues, expenses, gains or losses	(77,477)
Capital appropriations	<u>533,708</u>
Change in net position	456,231
Net position - beginning of year, as restated	<u>16,369,434</u>
Net position - end of year	<u>\$ 16,825,665</u>

See accompanying notes to the basic financial statements.

Rio Grande Community College
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	\$ 6,977,837
Grants	968,197
Other revenue	279,834
Auxiliary enterprises	3,714,029
Contract payments to University of Rio Grande	(15,643,968)
Grant transfers to University of Rio Grande	(108,149)
Payments to employees for wages & benefits	(490,457)
Payments to vendors	<u>(1,491,948)</u>
Net cash used by operating activities	<u>(5,794,625)</u>
Cash flows from noncapital financing activities:	
State appropriations	5,243,456
Property taxes	<u>790,731</u>
Net cash provided by noncapital financing activities	<u>6,034,187</u>
Cash flows from capital and related financing activities:	
Capital appropriations	533,708
Capital asset purchases	<u>(382,328)</u>
Net cash provided by capital and related financing activities	<u>151,380</u>
Cash flows from investing activities:	
Interest on investments	<u>3,930</u>
Change in cash and cash equivalents	394,872
Cash and cash equivalents - beginning of year	<u>3,417,139</u>
Cash and cash equivalents - end of year	<u>\$ 3,812,011</u>
Reconciliation of operating loss to net cash	
Used by operating activities:	
Operating loss	\$ (6,112,877)
Adjustments to reconcile operating loss to net cash	
used by operating activities:	
Depreciation expense	682,627
Provision for bad debts	274,331
Changes in assets and liabilities:	
Receivables:	
Tuition	(1,079,625)
Intergovernmental	828,891
Accounts	234,703
Prepaid expenses	(162,659)
Deferred outflows	(25,365)
Accounts payable and accrued liabilities	(888,105)
Unearned revenue	439,875
Net pension liability	5,799
Deferred inflows	<u>7,780</u>
Net cash used by operating activities	<u>\$ (5,794,625)</u>

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the College are set forth to facilitate the understanding of data presented in the financial statements:

Entity

Rio Grande Community 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 was formed after the creation of a community college district, as defined in Ohio Revised Code Chapter 3354. The College is an institution of higher learning dedicated to providing the residents of the community college district with low-cost higher education in various academic and technical areas, for the purpose of gaining credit for further academic achievement. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by the Boards of County Commissioners within the community college district, with one from each of the four counties in the district (Meigs, Gallia, Jackson and Vinton), and two by joint action of the four counties. A president is contracted by the Board of Trustees through an agreement with the University of Rio Grande (see Note 13). An appointed Chief Financial Officer is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the College.

Financial statement presentation

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

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* ("GASB Statement No. 35") and subsequent statements issued by GASB, established standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- **Net investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. This represents amounts for capital construction projects.
- **Unrestricted** – Net position that are not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The College first applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net position is available.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented 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.

Upcoming Accounting Pronouncements

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

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

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

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

Cash and Investments

To improve cash management, all cash received by the College is pooled in central bank accounts. For internal control and accountability purposes, individual fund integrity is maintained through the College's records. During fiscal year 2015, investments were limited to certificates of deposit with local institutions and interest bearing checking accounts.

The College makes investments in accordance with the Board of Trustees' policy which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Chief Financial Officer within these policy guidelines. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. All receivables are expected to be collected in full within one year except certain tuition and fees receivables. An allowance for doubtful accounts has been established based upon prior collection experience.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at fair market value at the date of the gift. In the absence of historical cost records, equipment is recorded at the current cost of replacement as of that date, based on an inventory and appraisal of the equipment by an independent appraisal firm.

Capital asset additions and improvements with a cost in excess of \$1,000 are capitalized and depreciated on a straight-line basis over the estimated useful life of the property as follows:

<u>Classification</u>	<u>Life</u>
Buildings	40 years
Building Improvements	20 years
Land Improvements	15 years
Equipment	3 years
Computer Technology	3 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the College, deferred outflows of resources are reported on the statement of net position for amounts related to pension as explained in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include property taxes and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on the statement of net position. Any grants and entitlements received before time requirements are met but after all other eligibility requirements are met are also recorded as a deferred inflow of resources. Deferred inflows of resources related to pension are reported on the statement of net position as explained in Note 9.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Compensated Absences

The College does not record a liability for sick leave and vacation. The amounts due are considered immaterial to the basic financial statements, and are recorded as an expense in the period incurred.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Operating and Nonoperating Revenues

The College's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statements No. 34 and 35, including property tax revenue, state appropriations and investment income.

Scholarship Discounts and Allowances

Student tuition is reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Estimates

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

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent events

The College evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 21, 2015.

Budgetary process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the function level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The key features of the budgetary process are as follows:

Tax budget: During the Board of Trustees meeting in January, the Vice President for Financial and Administrative Affairs presents the annual tax budget for the following year to the Board for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 15, of each year, for the period July 1 to June 30 of the following year.

Estimated resources: The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the College by April 1. As part of this certification, the College receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the College must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about July 1, the certificate of estimated resources is amended to include unencumbered fund balances at June 30 of the preceding year. The certificate may be further amended during the year if revenue fluctuations are anticipated.

Appropriations: A temporary appropriation ordinance to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation ordinance must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the function level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Fund appropriations may be modified during the year only by a resolution of the Board of Trustees. During the year, there were no amendments to the original appropriation resolution.

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

Lapsing of appropriations: At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION:

For fiscal year 2015, the College implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$16,665,903
Adjustments:	
Net Pension Liability	(368,081)
Deferred Outflow – Payments Subsequent to Measurement Date	<u>71,612</u>
Restated Net Position June 30, 2014	<u>\$16,369,434</u>

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.

3. CASH AND INVESTMENTS:

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities of aggregate market value equal to the amount of deposits not insured by the Federal Depository Insurance Corporation (FDIC). Further, Ohio law allows for pledges of pooled collateral in amounts that exceed the secured deposits by at least five percent. Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio.

The College's investment policies are governed by state statutes that authorize the College to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bonds and other State of Ohio obligations, certificates of deposit, and U.S. Government money market funds and repurchase agreements. Such repurchase agreements must be acquired from qualifying Ohio financial institutions, or from registered brokers/dealers.

Deposits

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability to recover the value of deposits, investments or collateral securities in the possession of an outside party. The College's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities.

As of June 30, 2015, the College's bank balance was \$4,766,703. Of this amount, \$1,062,079 was covered by federal depository insurance and the remaining \$3,704,624 was exposed to custodial credit risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law.

Interest rate risk – The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the College manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to approximately two years.

Credit risk – It is the College's practice to limit its investments to those explicitly guaranteed by the U.S. government, to STAR Ohio (rated AAA by Standard & Poor's), or to high yield cash investments with authorized banks which pledge pooled securities as collateral.

Concentration of credit risk – The College places no limit on the amount the College may invest in any one issuer.

4. STATE APPROPRIATIONS:

The College is a State-assisted institution of higher education that receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula determined by the State of Ohio. The College received \$5,243,456 of student-based subsidy in fiscal year 2015.

In addition to the student subsidies, the State of Ohio provides funding for the construction of major academic plant facilities on the College's campuses. State funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC).

College facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of the State of Ohio. If sufficient monies are not available from this fund, the Ohio Board of

Regents may assess a special fee uniformly applicable to students in State-assisted institutions of higher education throughout the State.

As a result of the above-described financial assistance, outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Ohio Board of Regents for payment of debt service and the related debt service payments are not recorded in the College's accounts.

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

Classification	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Land	\$ 2	-	-	2
Land improvements	1,027,382	-	-	1,027,382
Buildings	26,825,542	-	-	26,825,542
Building improvements	8,556,861	121,750	-	8,678,611
Equipment	3,424,282	260,578	-	3,684,860
Total capital assets	<u>39,834,069</u>	<u>382,328</u>	<u>-</u>	<u>40,216,397</u>
Less: accumulated depreciation				
Land improvements	993,888	8,148	-	1,002,036
Buildings	18,740,743	380,091	-	19,120,834
Building improvements	4,909,051	202,334	-	5,111,385
Equipment	3,306,766	92,054	-	3,398,820
Total accumulated depreciation	<u>27,950,448</u>	<u>682,627</u>	<u>-</u>	<u>28,633,075</u>
Net capital assets	<u>\$ 11,883,621</u>	<u>(300,299)</u>	<u>-</u>	<u>11,583,322</u>

Depreciation expense for the fiscal year ended June 30, 2015 was \$682,627.

6. FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATIONS:

The accompanying Statement of Revenues, Expenses and Changes in Net Position reflect the natural expense classifications utilized by the College. Functional expense classification would be as follows for the fiscal year ended June 30, 2015 :

Educational and General:	
Instructional support	\$ 15,643,968
Institutional support	1,302,335
Depreciation	<u>682,627</u>
Total	<u>\$ 17,628,930</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consists of the following at June 30, 2015:

Accounts payable	\$	103,979
Payroll, fringe and other liabilities		<u>2,501</u>
Total	\$	<u>106,480</u>

8. PROPERTY TAX:

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. First half tax collections are received by the College in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the various counties. Property tax revenue received during calendar year 2015 for real and public utility property taxes represents collections of calendar year 2014 taxes.

2015 real property taxes are levied after April 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after April 1, 2015 and are collected in 2015 with real property taxes.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

The assessed values upon which the fiscal year 2015 taxes were collected for the College are:

	<u>Gallia County</u>	<u>Jackson County</u>	<u>Meigs County</u>	<u>Vinton County</u>	<u>Hocking County</u>
Agricultural/Residential and Other Real Estate (2014 Valuation)	\$ 511,104,910	465,882,020	304,547,940	173,810,140	139,040
Public Utility Personal (2014 Valuation)	<u>290,749,290</u>	<u>50,149,490</u>	<u>41,047,660</u>	<u>91,540</u>	<u>7,630</u>
	<u>\$ 801,854,200</u>	<u>516,031,510</u>	<u>345,595,600</u>	<u>173,901,680</u>	<u>146,670</u>
Tax rate per \$1,000 of Assessed Valuation	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

The College receives property taxes from Meigs, Vinton, Gallia, Hocking and Jackson Counties. The County Auditors can periodically advance to the College its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2015, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources – property tax for that portion not levied to finance current fiscal year operations.

9. RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contract with the University of Rio Grande (see Note 13 for further details), comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Health care insurance coverage is offered to employees through commercial insurance companies.

The College pays the Ohio Bureau of Worker's Compensation a premium based on a rate per \$100 of salaries. The rate is calculated based upon accident history and administrative costs.

The College pays all administrative and appointed officials' bonds by statute.

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant changes in coverage from prior years.

10. 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 accounts payable and accrued liabilities.

Plan Description and Plan Benefits - Ohio Public Employees Retirement System (OPERS)

OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS's fiduciary net position. That report can be obtained by visiting <https://www.opers.org/about/finance/index.shtml>.

The Traditional Pension Plan. The Traditional Pension Plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and final average salary. The pension benefits are funded by both member and employer contributions, and investment earnings on those contributions.

The Combined Plan. The Combined Plan is a defined benefit plan with elements of a defined contribution plan. Under the Combined Plan, members earn a formula benefit similar to, but at a factor less than, the Traditional Pension Plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment earnings (or losses) on those contributions. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

The Member-Directed Plan. The Member-Directed Plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The retirement distribution under this plan is equal to the sum of member and vested employer contributions, plus investment earnings (or losses) on those contributions. Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Upon retirement or termination, the member may choose a defined contribution retirement distribution, or may elect to use his/her defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Plan benefits, and any benefit increases, are established by legislature pursuant to Chapter 145 of the Ohio Revised Code. The Board of Trustees, pursuant to Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

Senate Bill (SB) 343 enacted into law new legislation with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age and Service Defined Benefits. Benefits in the Traditional Pension Plan for members are calculated on the basis of age, final average salary and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Members in transition Group C are eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. The final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on an average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age and service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions, plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits. Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan was discussed above. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the member's contributions, vested employer contributions and investment gains and losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld or a combination of these options.

Additional information on other benefits available can be found in the OPERS CAFR.

Funding Policy

The OPERS funding policy provides for periodic employee and employer contributions to all three plans at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of OPERS' external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2014. Plan members were required to contribute 10% of covered payroll. The College's contribution rate was 14% of covered payroll.

The College's contractually required contributions to OPERS for fiscal year 2015 was \$51,662.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPERS

The net pension liability was measured as of December 31, 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. For reporting purposes, the College combined the amounts for both the Traditional and Combined plans, due to insignificance of the amounts that related to the Combined Plan. The College reported a net pension liability of \$373,880 as its proportionate share. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	Total
Proportionate Share of Net Pension Liability	\$ 377,634	\$ (3,754)	\$ 373,880
Proportion of the Net Pension Liability	0.003131%	0.009749%	
Pension Expense	\$ 41,230	\$ 2,495	\$ 43,725

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

	Traditional Plan	Combined Plan	Total
Deferred Outflows of Resources			
Differences between projected and actual earnings on investments	\$ 20,149	\$ 229	\$ 20,378
College contributions subsequent to the measurement date	72,229	4,370	76,599
Total Deferred Outflows of Resources	\$ 92,378	\$ 4,599	\$ 96,977
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 6,635	\$ 1,145	\$ 7,780

\$76,599 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:

	Traditional Plan	Combined Plan	Total
Fiscal Year Ending June 30:			
2016	\$ (1,976)	\$ 79	\$ (1,897)
2017	(1,976)	79	(1,897)
2018	(4,525)	79	(4,446)
2019	(5,037)	79	(4,958)
2020	-	136	136
Thereafter	-	464	464
	\$ (13,514)	\$ 916	\$ (12,598)

Actuarial Assumptions

Total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Traditional Plan</u>	<u>Combined Plan</u>
Investment rate of return	8.00%	8.00%
Wage inflation	3.75%	3.75%
Projected salary increases	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 8.05% (includes wage inflation at 3.75%)
Cost-of-living adjustments	3.00% Simple	3.00% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projected Scale AA. For males, 105% of the combined health male mortality rates were used. For females, 100% of the combined health female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disable female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

Long Term Expected Rate of Return

The allocation of investment assets within the defined benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy and the long term expected arithmetic real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long Term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	<u>18.00%</u>	4.59%
Total	<u>100.00%</u>	5.28%

Discount Rate

The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following chart represents the College’s proportionate share in thousands of the net pension liability at the 8% discount rate as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate (in thousands):

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
College’s proportionate share of the net pension liability	\$ 695,225	\$ 373,880	\$ 103,439

Alternative Retirement Plan (ARP)

All newly hired full-time administrative employees and faculty are eligible to choose an Alternative Retirement Plan (ARP) rather than the Ohio Public Employees Retirement System (OPERS). Once an employee decides to enroll in an ARP or the state retirement plan, the decision is irrevocable during their employment with the College. Employees have 120 days from the date of hire to decide into which retirement system they wish to enroll. If no decision is made, they will be assigned the appropriate state retirement plan based upon the position for which they were hired.

Vesting of contributions made by the College occurs in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 2	0%
2	25%
3	50%
4	75%
5	100%

The seven companies approved to offer an ARP for the University employees are Aetna, Equitable, Great American Life, Lincoln National Life, Nationwide Life, TIAA-CREF and VALIC.

No employees have elected to participate in the alternative retirement plan for the year ended June 30, 2015.

403(b) Plan

Effective April 1, 2004, the Rio Grande Community College Board of Trustees approved a 403(b) plan for its employees. The plan calls for the College to match voluntary withholdings of the employee up to 5% of the employee’s annual salary.

Vesting of matching contributions made by the College occurs in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Employees are eligible to participate in the plan after six months of employment with the College. Contributions on behalf of employees for the years ended June 30, 2015, 2014, and 2013 was \$6,794, \$7,244 and \$6,379, respectively.

11. POSTEMPLOYMENT BENEFITS:

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The College's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2015, 2014 and 2013 were \$8,607, \$3,988 and \$3,779, respectively, which equaled the required contributions each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

12. STUDENT FINANCIAL AID:

The student financial aid program of the College is accounted for by the department of student financial aid of the University of Rio Grande, a private institution of higher education (see Note 12). The accounts of the department of student financial aid are not reflected in the accompanying financial statements.

13. INSTRUCTIONAL CONTRACT WITH THE UNIVERSITY OF RIO GRANDE:

The College has a contract with the University of Rio Grande (the "University") whereby the University agrees to perform instructional services for the College in return for a fee equal to 96% of tuition revenue and state share of instruction. This contract expired June 30, 2015 and in August 2015 was renewed through June 30, 2016. The University provides to the College and its students:

- Instruction in arts and sciences, technical (occupational) studies, adult education and development courses;
- Access to all nonresidential physical facilities of the University on the same basis that such facilities are available to students of the University;
- Activities available to students of the University, such as athletics, clubs, dramatics and other approved activities;
- Student services; including financial aid, career advising, campus policies, etc., and;
- Appropriate office space for the College's administrative offices.

Under the terms of the contract, the University agrees to lease to the College the land necessary for the College to construct buildings. The lease is for \$1 for at least 15 years. The buildings are constructed, in whole or in part, with funds provided by the State of Ohio. Upon completion of construction, the University subleases these structures from the College for \$1 and provides the operating and maintenance costs necessary to serve the student bodies of both the College and the University.

The amount receivable from the University for the fiscal year ended June 30, 2015 was \$1,007,371. In addition, \$166,940 was paid to the University prior to year-end for services not yet rendered. These amounts are included as accounts receivable and prepaid expenses at year-end and are reported in the statement of net position.

14. OPERATING LEASE OBLIGATION:

The College has entered into a lease agreement that is considered an operating lease for a building. Total rental expense under the operating lease during the year ended June 30, 2015 amounted to \$216,000. The lease is a two-year lease with renewal options biannually at the same rate for the next 7 years.

Future minimum lease payments as of June 30, 2015 under the operating lease are as follows:

Years Ending June 30	Amount
2016	\$ 216,000
2017	216,000
2018	216,000
2019	216,000
2020	216,000
2021-2022	432,000
Total minimum lease payments	\$ 1,512,000

15. CONTINGENCIES:

Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the College. However, in the opinion of management, and such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2015. Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

Rio Grande Community College
 Required Supplementary Information
 Schedule of the College's Proportionate Share of the Net Pension Liability (Asset)
 Last Two Fiscal Years (1)

	2014	2013
<u>Ohio Public Employees Retirement System - Traditional Plan</u>		
College's Proportion of the Net Position Liability (Asset)	0.003131%	0.003131%
College's Proportionate Share of the Net Pension Liability (Asset)	\$ 377,634	\$ 369,104
College's Covered-Employee Payroll	\$ 376,232	\$ 356,496
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	100.37%	103.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	86.45%	86.36%
<u>Ohio Public Employees Retirement System - Combined Plan</u>		
College's Proportion of the Net Position Liability (Asset)	0.009749%	0.009749%
College's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,754)	\$ (1,023)
College's Covered-Employee Payroll	\$ 22,760	\$ 21,565
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.49%	4.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	114.83%	104.56%

(1) Information prior to 2013 is not available.

Rio Grande Community College
 Required Supplementary Information
 Schedule of College Contributions
 Last Four Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Ohio Public Employees Retirement System - Traditional Plan</u>				
Contractually Required Contribution	\$ 48,715	\$ 47,029	\$ 40,997	\$ 31,264
Contributions in Relation to the Contractually Required Contribution	<u>(48,715)</u>	<u>(47,029)</u>	<u>(40,997)</u>	<u>(31,264)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College Covered-Employee Payroll	\$ 405,958	\$ 376,232	\$ 356,496	\$ 312,640
Contributions as a Percentage of College Covered-Employee Payroll	12.00%	12.50%	11.50%	10.00%
<u>Ohio Public Employees Retirement System - Combined Plan</u>				
Contractually Required Contribution	\$ 2,947	\$ 2,845	\$ 2,480	\$ 1,891
Contributions in Relation to the Contractually Required Contribution	<u>(2,947)</u>	<u>(2,845)</u>	<u>(2,480)</u>	<u>(1,891)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College Covered-Employee Payroll	\$ 24,558	\$ 22,760	\$ 21,565	\$ 18,910
Contributions as a Percentage of College Covered-Employee Payroll	12.00%	12.50%	11.50%	10.00%

(1) - Information prior to 2012 is not available.

SUPPLEMENTAL INFORMATION

Rio Grande Community College
 Gallia County, Ohio
 Board of Trustees
 For the Year Ended June 30, 2015

College Location
 218 North College Street
 Rio Grande, Ohio 45674

Mailing Address
 P.O. Box 326
 Rio Grande, Ohio 45674

<u>Board of Trustees</u>	<u>Title</u>	<u>Appointed By</u>	<u>Term of Office</u>
Mr. Thomas W. Karr	Trustee	Meigs County ¹	09/28/01-10/10/15
Ms. Mary Lynn Jones	Trustee	Gallia County ¹	10/11/12-10/11/17
Mr. Andrew R. Adelman, Jr.	Trustee	Vinton County ¹	09/11/81-09/10/16
Mr. Paul M. Reed	Trustee	Joint Commissioners ²	05/03/04-09/10/15
Mr. Jody W. Walker	Trustee	Joint Commissioners ²	10/03/06-11/01/16
Ms. Debora Weber	Trustee	Governor	05/17/12-05/17/17
Mr. Lawrence Kidd	Trustee	Governor	02/15/11-10/10/15
Ms. Shawn E. Saunders	Trustee	Governor	01/09/08-10/10/16
Mr. Aaron Michael	Trustee	Jackson County ¹	12/30/11-12/30/16

¹ – Appointed by the Board of County Commissioners

² – Appointed by action of the joint Boards of County Commissioners of Gallia, Jackson, Meigs, and Vinton Counties.

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

Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rio Grande Community 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, and have issued our report thereon dated December 21, 2015, wherein we noted the College adopted the provisions of GASB Statements No. 68 and 71 for the year ended June 30, 2015.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 21, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Section II – Financial Statement Findings

None noted

2014-001 Controls over Financial Reporting

Condition: Adjusting journal entries not initiated by management were needed during the year-end audit to adjust property tax revenue and the related receivable and deferred inflow of resources. Additionally, adjustments were necessary to the intergovernmental receivable balance as the College did not appropriately reduce the receivable for amounts received and recorded as revenue in the proper fiscal year.

Recommendation: The auditor recommended that management exercise additional care in the review of supporting documentation for significant account reconciliations to help ensure errors in the financial statements are identified and corrected on a timely basis.

Current Status: Corrected



At Clark Schaefer Hackett, we believe there's a difference between providing accounting services and actually serving you. One is about numbers, the other is about relationships. We strive to create remarkable relationships The CSH Way: by building trust, offering guidance, delivering desired outcomes, and providing vision to help you achieve your goals.



Dave Yost • Auditor of State

RIO GRANDE COMMUNITY COLLEGE

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 4, 2016**