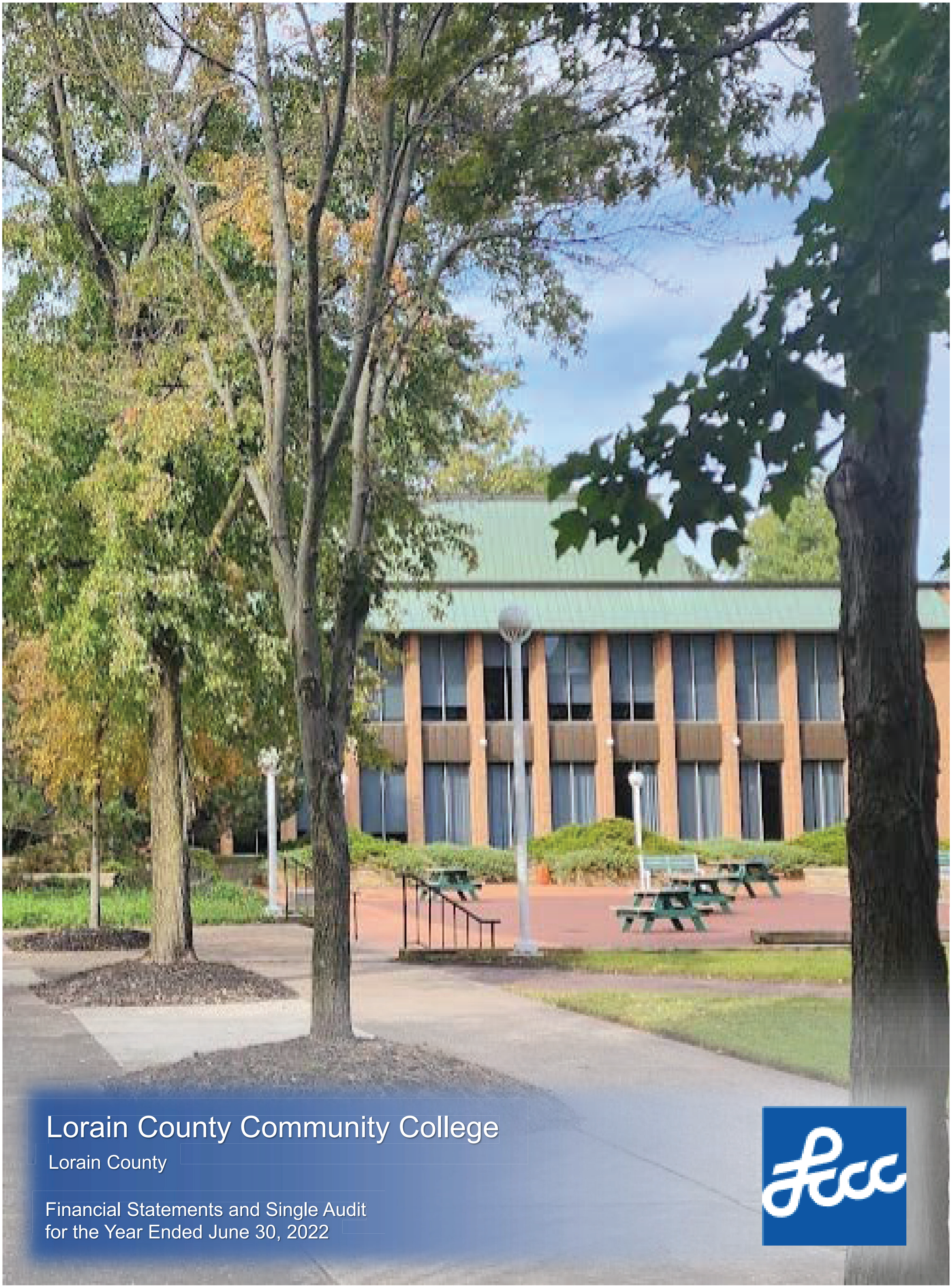

Lorain County Community College

Lorain County

Financial Statements and Single Audit
for the Year Ended June 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Lorain County Community College
1005 North Abbe Road
Elyria, Ohio 44035

We have reviewed the *Independent Auditors' Report* of the Lorain County Community College, Lorain County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2021 through June 30, 2022. 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 Lorain County Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 18, 2023

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Lorain County Community College

For the Year Ended June 30, 2022

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lorain County Community College
Elyria, Ohio

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Lorain County Community College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the College adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the College's pension and OPEB amounts and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 3, 2023

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Lorain County Community College (LCCC or the College) for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, that follow this section.

Lorain County Community College is part of Ohio's system of State supported and State assisted institutions of higher education. It is one of the 23 community and technical colleges in Ohio. Located in the City of Elyria, with off-campus facilities in Lorain, Wellington, and North Ridgeville, the College is a local institution. A majority of the College's students commute daily from their homes in Lorain County and the surrounding counties.

Using the Annual Financial Report

The College's financial report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB). In 2002, the College adopted GASB Statement No. 35, *Basic Financial Statements- and Management's Discussion and Analysis- for Public Colleges and Universities.* This statement establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the financial condition, the changes in financial condition, and the cash flows of the College as a whole. Many other non-financial factors must also be considered in assessing the overall health of the College, such as enrollment trends, student retention, strength of the faculty, condition of the infrastructure, and safety of the campus.

In 2013, the College adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* These statements identified net position, rather than net assets, as the residual of all other elements presented in a Statement of Net Position and introduced and defined deferred outflows of resources and deferred inflows of resources as elements of the annual financial report and incorporated these elements in the computation of net position. These elements represent the consumption (deferred outflows) or acquisition (deferred inflows) of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services.

Under the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, Lorain County Community College Foundation, Inc. (the "Foundation") is treated as a component unit in the College's basic financial statements. The component unit is excluded from Management's Discussion and Analysis.

The net pension asset and liability are reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27*, and the net other postemployment (OPEB) asset and liability are reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 pensions and OPEB, the net pension liability and net OPEB liability to the reported net position, and subtracting net pension and net OPEB assets and deferred outflows related to pensions and OPEB from the reported net position.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's total pension liability or total OPEB liability. GASB Statements No. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and 75 require the net pension asset or liability and the net OPEB asset or liability to equal the College's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 the government received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension or OPEB plan against the public employer. State law operates to mitigate the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB 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. Changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 payments, State statute does not assign or 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 Statements No. 68 and 75, the College's financial statements, prepared on an accrual basis of accounting, include an annual pension expense recovery and an annual OPEB expense recovery for its proportionate share of each plan's change in net pension liability (asset) and net OPEB liability (asset), respectively, not accounted for as deferred outflows of resources or deferred inflows of resources.

Additional information about pensions and other postemployment benefits is presented in Notes 13 and 14 of the basic financial statements.

During 2022, the College adopted GASB Statement No. 87, *Leases*. This statement supersedes GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 was adopted effective July 1, 2021, using the facts and circumstances that existed at that date.

The table below summarizes the impacts of adopting GASB Statement No. 87.

		July 1, 2021
Receivables, net - current portion	$	17,130
Receivables, net		427,655
Capital and right-of-use assets, net		1,503,084
Total assets	$	1,947,869
Other long term obligations - current portion	$	273,250
Other long term obligations		1,229,834
Total liabilities	$	1,503,084
Deferred inflows of resources, leases	$	444,785
Total net position		No Impact

COVID-19 Impact on College Operations and Fiscal Year 2022 Financial Results

On March 11, 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic, and the Ohio Department of Health issued a Stay At Home Order for non-essential businesses and operations. The State of Ohio's declared state of emergency ended June 2021, while the national state of emergency continues. The pandemic has significantly impacted domestic and global economic conditions and has created significant uncertainties in the economy. The full impact of the pandemic continues to evolve as of the date of this report.

In connection with the Stay at Home Order, the College converted to remote delivery of instruction and essential services, and implemented telecommuting strategies and modified work schedules, with most non-essential services staff working from home. Non-essential services including conferencing, food services, and Stocker Arts Center events were temporarily suspended.

In May 2020, the College rolled out its Responsible Restart LCCC plan which was developed according to principles detailed in the Responsible Restart Ohio plan. Under this phased in approach to re-opening, the College offered limited in person labs, classes and services through Summer 2021 semester. The College returned to full in-person operations effective August 2, 2021, but continues to offer online and hybrid options for classes and services.

The College estimated lost revenue attributable to COVID-19 totaling $1.8 million and $5.4 million for fiscal years 2020 and 2021, respectively. Revenue declined related to Student Tuition and Fees, Sales and Services and Auxiliary Enterprises, driven by enrollment impacts of the pandemic, and the temporary suspension of activities as noted above. Lost revenue for fiscal year 2020 included $1.1 million of State Share of Instruction funding cuts implemented as part of the State Operating Budget. With the return to full in-person operations effective August 2, 2021, fiscal year 2022 revenues are beginning to return to pre-pandemic levels, although still reduced.

To assist with the economic impact of the pandemic, the Federal government signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) 2021, and the American Rescue Plan (ARP) Higher Education Emergency Relief Funding, which included Higher Education Emergency Relief Funds (HEERF I, HEERF II and HEERF IIII, known collectively as HEERF funds). The College was awarded $37.4 million in HEERF funding, of which $15.0 million was required to be distributed to students as emergency grants. The College recognized $24.8 million, $12.2 million and $1.2 million of revenue from these awards during fiscal years 2022, 2021 and 2020, respectively, included in nonoperating revenues – federal grants and contracts in the Statement of Revenues, Expenses and Changes in Net Position.

Fiscal year 2022 HEERF grant revenue supported emergency aid to students for $10.8 million, and other expenses of $13.2 million related to the pandemic, including distance learning technology enhancements, hybrid classrooms, collaboration tools, HVAC upgrades, bi-polar ionization equipment, vaccine incentive payments and student reengagement (balance assistance). Fiscal year 2021 HEERF grant revenue supported emergency aid to students for $3.6 million, lost revenue for $7.2 million and other expenses of $1.4 million related to the pandemic including technology to better facilitate distance learning and improve teleworking, campus safety and operations, and additional advising to support students with emergency needs and complex case management.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position is one indicator of the current financial condition of the College. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation and amortization.

A summary of the College's assets, liabilities, deferred inflows/outflows, and net position at June 30, 2022 and 2021 is provided below. The June 30, 2021 balances have been restated for the impacts of GASB Statement No. 87 resulting in no change in net position, and a change in the policy for recognizing student tuition which resulted in a reduction in receivables, net (current assets) of ($4.8) million and a reduction in unearned revenue (current liabilities) in the same amount resulting in no change in net position.

	June 30, 2022	June 30, 2021 Restated
Current assets	$ 77,848,295	$ 79,066,016
Noncurrent assets:		
Net pension asset	554,499	309,196
Net OPEB asset	8,377,575	5,718,678
Capital and right-of-use assets, net	178,674,104	180,691,753
Long term investments	32,831,743	28,047,428
Other	824,081	935,102
Total assets	$ 299,110,297	$ 294,768,173
Deferred outflows of resources:		
Pensions	$ 14,904,824	$ 9,295,085
OPEB	589,614	1,690,382
Loss on refunding	3,983,816	4,296,724
Total deferred outflows of resources	$ 19,478,254	$ 15,282,191

	June 30, 2022	June 30, 2021 Restated
Current liabilities	$ 18,576,243	$ 17,944,008
Noncurrent liabilities:		
Compensated absences	5,041,841	5,256,291
Net pension liability	35,265,820	65,041,402
Other long term obligations	64,884,658	68,585,523
Total liabilities	$ 123,768,562	$ 156,827,224
Deferred inflows of resources:		
Property taxes	$ 13,274,048	$ 14,376,180
Leases	544,662	444,785
Pensions	37,998,814	12,130,527
OPEB	9,119,292	12,249,480
Total deferred inflows of resources	$ 60,936,816	$ 39,200,972
Net position	$ 133,883,173	$ 114,022,168

Current assets consist of cash and cash equivalents, short term investments, receivables, inventories, and prepaid expenses. Current liabilities consist primarily of accounts payable, accrued payroll liabilities, unearned revenue and the current portion of other long term obligations. The College's current ratio (current assets divided by current liabilities) of 4.19 indicates that current assets are more than adequate to cover current liabilities as they become due.

Lorain County Community College's financial position, as a whole, improved during the fiscal year ended June 30, 2022. Current assets decreased by ($1.2) million, driven by decreases in receivables, net of ($4.8) million, and restricted cash and cash equivalents ($2.8) million, offset by increases in cash and cash equivalents of $3.5 million and short term investments $2.7 million. Noncurrent assets increased $5.5 million, driven by increases in long term investments of $4.8 million, and net pension and OPEB assets of $2.9 million, offset by a decrease in capital and right-of-use assets, net of ($2.0) million. The decrease in receivables, net and the increases in cash and cash equivalents and investments, was primarily due to the collection of fiscal year 2021 HEERF funding and an increase in local appropriations. Restricted cash and cash equivalents declined as project costs were incurred related to the energy conservation management project. Net capital assets are described under Capital and Debt Activities below and additional information about pensions and other postemployment benefits is presented in Notes 13 and 14 of the basic financial statements.

Total liabilities decreased by ($33.1) million during the fiscal year ended June 30, 2022, primarily related to a decrease in net pension liability of ($29.8) million, and the payment of long term obligations related to bonds, the energy conservation management project and leases of ($4.5) million, offset by additions to long term obligations related to lease obligations of $1.3 million.

Capital and Debt Activities

One critical factor affecting the quality of the College's programs is the development and renewal of its capital assets. Capital asset additions of $5.8 million in fiscal year 2022 included energy conservation improvements, construction, repair and renovation of existing facilities, acquisition of equipment and software implementation. Current year capital asset additions were funded by a tax-exempt financed purchase agreement, local appropriations, and the State of Ohio. Capital assets, net decreased ($2.8) million from the prior year after depreciation of $8.6 million.

In accordance with GASB Statement No. 87, *Leases*, right-of-use assets are recorded for building space and office equipment leased by the College. Right-of-use asset additions totaled $1.3 million for the fiscal year ending June 30, 2022 and were offset by amortization of $0.5 million.

At June 30, 2022, other long term obligations included $52.6 million for outstanding bonds (including unamortized premiums), $14.6 million related to the tax-exempt financed purchase agreement for certain energy conservation improvements, and $2.3 million related to lease obligations.

For more information regarding the College's capital and right-of-use assets and noncurrent liabilities, see Notes 7 and 9 of the basic financial statements.

Net Position

Net position represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted.

The College's net position at June 30, 2022 and 2021 are summarized as follows:

	FY 2022	FY 2021
Net investment in capital assets	$ 112,720,820	$ 113,388,355
Restricted - expendable	9,317,376	4,001,788
Unrestricted	11,844,977	(3,367,975)
Total	$ 133,883,173	$ 114,022,168

Net investment in capital assets consists of capital and right-of-use assets net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net investment in capital and right-of-use assets decreased by ($0.7) million related to principal payments of debt, and additions to capital and right-of-use assets, net of depreciation and amortization.

Restricted-expendable net position consists of restricted assets reduced by liabilities related to those assets subject to externally imposed restrictions governing their use. Restricted-expendable increased $5.3 million related to the recognition of HEERF institutional revenue.

Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position (deficit) increased by $15.2 million primarily driven by changes in the College's proportionate share of pension and OPEB liabilities and related changes in deferred outflows and deferred inflows of resources.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year, and changes in net position. Activities are reported as either Operating or Nonoperating. As a public institution, the College's dependence on State aid results in an operating deficit because the financial reporting model classifies state appropriations as nonoperating revenue. The utilization of capital and right-of-use assets is reflected in the financial statements as depreciation and amortization.

Summarized Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2022 and 2021 are as follows:

Revenues	**FY 2022**	**FY 2021**
Operating Revenues:		
Student Tuition and Fees, Net	$ 10,221,905	$ 11,025,718
Federal Grants and Contracts	9,539,853	5,606,663
State Grants and Contracts	2,265,628	2,286,063
Local Grants and Contracts	44,705	55,000
Private Grants and Contracts	3,171,215	3,622,757
Sales and Services	1,168,533	855,498
Auxiliary Enterprises	5,885,962	5,224,354
Other Sources	1,089,829	1,653,549
Total Operating Revenues	33,387,630	30,329,602
Expenses		
Operating Expenses:		
Instruction	$ 30,303,397	$ 31,929,785
Public Service	10,985,721	6,804,151
Academic Support	8,045,776	4,266,369
Student Services	7,950,975	4,472,690
Institutional Support	12,318,541	7,382,066
Operation and Maintenance of Plant	7,017,879	5,277,503
Scholarships and Fellowships	15,018,376	8,248,711
Auxiliary Enterprises	6,271,851	5,705,929
Other	2,450,906	2,981,640
Depreciation and Amortization	9,105,520	8,249,219
Total Operating Expenses	109,468,942	85,318,063
Operating Loss	(76,081,312)	(54,988,461)
Nonoperating Revenues (Expenses)		
State Share of Instruction	30,509,549	30,901,571
State Capital Appropriations	775,253	332,024
Local Appropriations	31,333,319	30,996,901
Federal Grants and Contracts	36,421,718	26,398,921
State Grants and Contracts	287,258	64,564
Investment Income (Loss), Net	(1,527,991)	139,676
Interest on Debt	(2,251,722)	(2,294,132)
Other Net Nonoperating Revenue	394,933	58,678
Net Nonoperating Revenues	95,942,317	86,598,203
Increase in Net Position	19,861,005	31,609,742
Net Position		
Net Position at Beginning of Year	114,022,168	82,412,426
Net Position at End of Year	$ 133,883,173	$ 114,022,168

Fiscal year 2022 and 2021 operating expenses were reduced by ($14.5) million and ($17.9) million, respectively, related to changes in net pension and OPEB assets and liabilities, deferred inflows and deferred outflows and pension and OPEB expense under GASB Statements No. 68 (pensions) and 75 (OPEB). Another way to analyze Operating Expenses is to exclude the effects of both GASB Statement No. 68 (pensions) and GASB Statement No. 75 (OPEB) from Operating Expenses, as shown below.

Comparison of Operating Expenses Excluding GASB Statement No. 68 and GASB Statement No. 75

	FY 2022 Operating Expenses Under GASB 68 and 75	Adjustment for OPEB Expense Recovery Under GASB 75	Adjustment for Pension Expense Recovery Under GASB 68	FY 2022 Operating Expenses Excluding GASB 68 and 75
Operating Expenses:				
Instruction	$ 30,303,397	$ 820,943	$ 4,657,136	$ 35,781,476
Public Service	10,985,721	627,696	933,472	12,546,889
Academic Support	8,045,776	566,718	816,629	9,429,123
Student Services	7,950,975	1,089,856	1,355,975	10,396,806
Institutional Support	12,318,541	1,398,921	1,770,910	15,488,372
Operation and Maintenance of Plant	7,017,879	184,183	228,215	7,430,277
Scholarships and Fellowships	15,018,376	-	-	15,018,376
Auxiliary Enterprises	6,271,851	-	-	6,271,851
Other	2,450,906	-	-	2,450,906
Depreciation and Amortization	9,105,520	-	-	9,105,520
Total Operating Expenses	$ 109,468,942	$ 4,688,317	$ 9,762,337	$ 123,919,596

	FY 2021 Operating Expenses Under GASB 68 and 75	Adjustment for OPEB Expense Recovery Under GASB 75	Adjustment for Pension Expense Recovery Under GASB 68	FY 2021 Operating Expenses Excluding GASB 68 and 75
Operating Expenses:				
Instruction	$ 31,929,785	$ 2,282,399	$ (958,924)	$ 33,253,260
Public Service	6,804,151	1,894,725	338,327	9,037,203
Academic Support	4,266,369	1,896,883	325,853	6,489,105
Student Services	4,472,690	4,079,718	853,899	9,406,307
Institutional Support	7,382,066	5,241,688	1,143,413	13,767,167
Operation and Maintenance of Plant	5,277,503	674,354	139,425	6,091,282
Scholarships and Fellowships	8,248,711	-	-	8,248,711
Auxiliary Enterprises	5,705,929	-	-	5,705,929
Other	2,981,640	-	-	2,981,640
Depreciation	8,249,219	-	-	8,249,219
Total Operating Expenses	$ 85,318,063	$ 16,069,767	$ 1,841,993	$ 103,229,823

GASB Statements No. 68 and 75 have no impact on revenue.

Changes in operating revenues were the result of the following factors:

- Student tuition and fees, net of scholarship allowances, decreased due to an increase in direct to student scholarships from HEERF emergency aid to students.
- The College experienced an increase in federal grants and contracts revenue related to ARCTOS Technology Solutions, Department of Labor Scaling Apprenticeships and Department of Defense Manufacturing Engineering Education Program.
- Sales and services and auxiliary enterprises revenue increased primarily due to a return to full service in-person operations in fiscal year 2022, after non-essential services including conferencing, food services, and Stocker Arts Center events were suspended in fiscal year 2021 due to the Stay at Home Order.
- Other sources decreased due to refunds received from the Bureau of Workers Compensation in fiscal year 2021 that did not re-occur in fiscal year 2022.

Excluding the impact of GASB Statements No. 68 and 75, changes in operating expenses were the result of the following factors:

- Instruction expenses increased as paused positions were filled to support the return to full service in-person operations in fiscal year 2022, and one time payments to employees intended to assist with inflationary impacts attributable to the COVID-19 pandemic.
- Public service expenses increased related to Federal grant activities including HEERF, ARCTOS Technology Solutions and Department of Labor Employment and Training Administration Job Corps.
- Academic support expenses increased related to Federal grant activities including HEERF, and one time payments to employees intended to assist with inflationary impacts attributable to the COVID-19 pandemic.
- Institutional support expenses increased due to an increase in security and a shift in employee efforts to support the return to full service and in-person operations in fiscal year 2022.
- Scholarships and fellowships increased related to HEERF emergency aid to students.
- Auxiliary enterprises expenses increased due to a return to full service in-person operations in fiscal year 2022 after non-essential services including conferencing, food services, and Stocker Arts Center events were suspended in fiscal year 2021 due to the Stay at Home Order.

Changes in nonoperating revenues (expenses) were the result of the following factors:

- State appropriations for capital projects increased in fiscal year 2022 as projects were delayed in fiscal year 2021 as a result of the Stay at Home Order and supply chain disruptions related to the COVID-19 pandemic.
- Federal grants and contracts increased largely related to HEERF funding for emergency aid to students and institutional support.
- Net investment income (loss) decreased as the result of declines in the fair market value of the College's investments related to lingering effects of the pandemic on economic conditions.
- Other net operating revenue increased due to proceeds received in fiscal year 2022 related to the sale of a land interest that was gifted to the College.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing and investing activities, and helps measure the ability to meet financial obligations as they mature. A summary of the statement of cash flows for the years ended June 30, 2022 and 2021 is as follows:

	FY 2022	FY 2021
Net cash provided (used) by:		
Operating activities	$ (76,259,059)	$ (72,331,449)
Noncapital financing activities	98,235,932	85,795,770
Capital financing activities	(12,269,155)	(16,523,778)
Investing activities	(8,985,281)	(15,125,484)
Net increase (decrease) in cash and cash equivalents	722,437	(18,184,941)
Cash and cash equivalents at beginning of year	22,460,771	40,645,712
Cash and cash equivalents at end of year	$ 23,183,208	$ 22,460,771

Major sources of cash included State Share of Instruction $30.5 million, local appropriations $31.2 million, grants and contracts $54.9 million, student tuition and fees $11.7 million and various other net sources $2.2 million. Uses of cash included payments to or on behalf of employees ($60.4) million, payments to vendors ($47.8) million, purchases of investments net of sales and maturities ($9.3) million, purchases of capital assets ($5.7) million and principal and interest paid on capital debt and leases ($6.6) million.

Operating Highlights

Driven by its strategic plan, Vision 2025, the College has set its sights on 10,000 Degrees of Impact. By 2025, 10,000 individuals will earn a LCCC degree or credential that will impact individuals and families and impact the economy and community. The five areas of focus are: (1) Student – expand participation; (2) Success – increase completion and academic success; (3) Future – foster future success; (4) Work – improve economic competitiveness; and (5) Community – enhance quality of life. For more information about the College's strategic plan, vision, mission, and values, visit our website at https://www.lorainccc.edu/about/vision-2025/.

Looking Ahead

The College continues to navigate through the dynamics of the COVID-19 pandemic and its impacts on enrollment, supply chains, inflation, and the labor market. The ability of the College to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support, and the cost of health care, utilities, employee compensation and unfunded State and Federal mandates. The College faces cost pressures in the future. These relate to attracting and retaining high quality faculty and staff, managing increasing medical care and prescription drug costs, volatile energy prices, inflationary pressures, and other issues.

Paramount to the College's success is its continued accreditation by the Higher Learning Commission (HLC) with a successful reaffirmation on May 16, 2016. The next reaffirmation of accreditation will occur during the academic year 2025-26. The College continues its commitment to quality education through participation in the HLC Open Pathway, in order to confront new challenges, and meet the needs of its constituents.

The College has three primary sources of revenue: levy support, tuition income and state subsidy. Lorain County voters have supported two levies that provide for campus operations and the University Partnership. In March 2020, voters approved a renewal of the levy supporting campus operations, with 60% voting for the levy. This renewal levy expires with the last collection in calendar year 2030. The ten-year University Partnership levy runs through 2022 with the last collection in calendar year 2023. On June 23, 2022, the Board of Trustees authorized an official request to the Lorain County Auditor to certify the current total tax valuation of Lorain County and the total revenue that would be produced under renewal levy type and millage if approved in an election. On July 14, 2022, the Board of Trustees voted to place a renewal of the existing 2.1 mill levy on the November 2022 ballot. On November 8, 2022 voters approved the renewal, with 67% voting for the levy. This renewal levy expires with the last collection in calendar year 2032.

There is a direct relationship between the level of State support and the College's ability to maintain tuition growth, as declines in State appropriations generally result in increased tuition levels. The level of State support is also dependent upon the State Operating Budget. The Ohio Office of Budget and Management reported that total state revenues were up 11.1% from estimates as of the end of June 2022. The level of State subsidy to the public college and university sector looks stable so far for fiscal year 2023.

State capital appropriations continue to support construction and renovation of the College's facilities albeit at a relatively low level, compared to the investment of College funds in capital projects.

Economic pressures impacting the State may affect the State's future support of the College. While it is not possible to predict the ultimate results, management believes that the College's financial condition is strong enough to weather any economic uncertainties since it has strong local financial support.

With respect to Vision 2025, the College is making steady progress toward the goal of issuing 10,000 degrees or credentials by 2025. As of the summer of 2022, the College is 72% toward this goal. Beginning with fall 2022 semester, students are able to enroll in the College's second bachelor of applied science degree, in Smart Industrial Automated Systems Engineering. Much like the Microelectronic Manufacturing (MEMS) bachelor's degree announced in 2018, the College developed the Smart Industrial Automated Systems Engineering bachelor's degree in response to the rapid development of innovative technologies that are shaping advanced manufacturing in Northeast Ohio.

The College will continue to ensure affordable access to high quality degrees and programs for local residents. In July of 2022, a report from the U.S. Department of Education's College Affordability and Transparency Center was released naming LCCC in among the top 10% of most affordable schools in the nation. According to the report, LCCC is in the top two most affordable bachelor's degree granting institutions in Ohio and 14th in the nation. LCCC's net price is calculated at $2,952 which includes tuition, books, fees, supplies and living expenses, minus grants and scholarships. The national average net price is $7,663 for two-year public institutions and $12,601 for four-year public institutions.

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Department of Higher Education, our citizens, taxpayers, creditors, and other interested parties with a general overview of the College's financial position and to show the College's accountability for the funding it receives. If you have any questions about this report or need additional financial information, please contact the following:

Name	Title	Address	Phone
Jonathan M. Volpe	VP for Administrative Services & Treasurer	1005 N. Abbe Road Elyria, OH 44035	440-366-4051
Donna L. Baxter	Controller & Budget Director	1005 N. Abbe Road Elyria, OH 44035	440-366-7552

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Net Position

June 30, 2022

	Primary Institution	Component Unit
	Lorain County Community College	Lorain County Community College Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 20,617,121	$ 2,817,484
Restricted Cash and Cash Equivalents	2,566,087	-
Short Term Investments	12,378,307	-
Receivables, Net - Current Portion	40,444,118	-
Unconditional Promises to Give	-	574,000
Prepaid Expenses	1,012,952	16,131
Inventories	829,710	-
Total Current Assets	77,848,295	3,407,615
Noncurrent Assets:		
Long Term Investments	32,831,743	52,013,071
Unconditional Promises to Give	-	873,609
Receivables, Net	585,928	-
Other Noncurrent Assets	238,153	-
Net Pension Asset	554,499	-
Net OPEB Asset	8,377,575	-
Capital and Right-of Use-Assets, Net	178,674,104	11,181
Total Noncurrent Assets	221,262,002	52,897,861
Total Assets	$ 299,110,297	$ 56,305,476
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	$ 14,904,824	$ -
OPEB	589,614	-
Loss on Refunding	3,983,816	-
Total Deferred Outflows of Resources	$ 19,478,254	$ -

The accompanying notes are an integral part of the financial statements.

LORAIN COUNTY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2022
(Continued)

	Primary Institution		Component Unit	
	Lorain County Community College		Lorain County Community College Foundation	
LIABILITIES				
Current Liabilities:				
Accounts Payable	$	5,091,052	$	258,611
Accrued Liabilities		5,134,036		-
Accrued Interest Payable		323,020		-
Unearned Revenue		2,740,271		37,525
Compensated Absences - Current Portion		670,000		-
Other Long Term Obligations - Current Portion		4,617,864		-
Total Current Liabilities		18,576,243		296,136
Noncurrent Liabilities:				
Compensated Absences		5,041,841		-
Net Pension Liability		35,265,820		-
Other Long Term Obligations		64,884,658		-
Total Noncurrent Liabilities		105,192,319		-
Total Liabilities	$	123,768,562	$	296,136
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	$	13,274,048	$	-
Leases		544,662		-
Pensions		37,998,814		-
OPEB		9,119,292		-
Total Deferred Inflows of Resources	$	60,936,816	$	-
NET POSITION				
Net Investment in Capital Assets	$	112,720,820	$	-
Restricted:				
Nonexpendable		-		41,357,193
Expendable		9,317,376		11,147,918
Unrestricted		11,844,977		3,504,229
Total Net Position	$	133,883,173	$	56,009,340

The accompanying notes are an integral part of the financial statements.

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2022

	Primary Institution: Lorain County Community College	Component Unit: Lorain County Community College Foundation
Revenues		
Operating Revenues:		
Student Tuition and Fees (Net of Scholarship Allowances of $14,167,741)	$ 10,221,905	$ -
Federal Grants and Contracts	9,539,853	-
State Grants and Contracts	2,265,628	-
Local Grants and Contracts	44,705	-
Private Grants and Contracts	3,171,215	-
Contributions and Fundraising	-	3,096,769
Sales and Services	1,168,533	-
Auxiliary Enterprises	5,885,962	-
Other Sources	1,089,829	-
Total Operating Revenues	33,387,630	3,096,769
Expenses		
Operating Expenses:		
Instruction	30,303,397	-
Public Service	10,985,721	-
Academic Support	8,045,776	-
Student Services	7,950,975	-
Institutional Support	12,318,541	1,229,189
Operation and Maintenance of Plant	7,017,879	-
Scholarships and Fellowships	15,018,376	1,112,872
Auxiliary Enterprises	6,271,851	-
Other	2,450,906	633,697
Depreciation and Amortization	9,105,520	3,088
Total Operating Expenses	109,468,942	2,978,846
Operating Income (Loss)	(76,081,312)	117,923
Nonoperating Revenues (Expenses)		
State Share of Instruction	30,509,549	-
State Capital Appropriations	775,253	-
Local Appropriations	31,333,319	-
Federal Grants and Contracts	36,421,718	-
State Grants and Contracts	287,258	-
Investment Losses, Net	(1,527,991)	(8,386,079)
Interest on Debt	(2,251,722)	-
Other Net Nonoperating Revenue	394,933	358,304
Net Nonoperating Revenues (Expenses)	95,942,317	(8,027,775)
Increase (Decrease) in Net Position	19,861,005	(7,909,852)
Net Position		
Net Position at Beginning of Year	114,022,168	63,919,192
Net Position at End of Year	$ 133,883,173	$ 56,009,340

The accompanying notes are an integral part of the financial statements.

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2022

	Lorain County Community College
Cash Flows from Operating Activities	
Tuition and Fees	$ 11,675,555
Grants and Contracts	18,736,494
Payments to or on Behalf of Employees	(60,393,154)
Payments to Vendors	(47,772,316)
Auxiliary Enterprises	(385,889)
Other Receipts	1,880,251
Net Cash Used by Operating Activities	(76,259,059)
Cash Flows from Noncapital Financing Activities	
State Share of Instruction	30,509,549
Local Appropriations	31,230,810
Grants and Contracts	36,181,715
Gifts	300,240
Cash Provided by Federal Direct Student Loans	4,541,918
Cash Used by Federal Direct Student Loans	(4,541,918)
Cash Provided by Fiduciary Fund Activities	202,983
Cash Used by Fiduciary Fund Activities	(189,365)
Net Cash Provided by Noncapital Financing Activities	98,235,932
Cash Flows from Capital Financing Activities	
Principal Payment Received - Lessor Arrangements	26,015
Interest Received - Lessor Arrangements	11,733
Purchases of Capital Assets	(5,719,206)
Principal Paid on Capital Debt	(3,155,000)
Interest Paid on Capital Debt	(1,537,901)
Principal Paid on Financed Purchases	(856,185)
Interest Paid on Financed Purchases	(485,981)
Principal Paid on Lease Obligations	(493,692)
Interest Paid on Lease Obligations	(58,938)
Net Cash Used by Capital Financing Activities	(12,269,155)
Cash Flows from Investing Activities	
Collection of Noncurrent Receivables	3,643
Purchases of Investments	(24,206,083)
Proceeds from Sales and Maturities of Investments	14,909,662
Investment Income (Net of Investment Expenses of $28,370)	307,497
Net Cash Used by Investing Activities	(8,985,281)
Net Increase in Cash and Cash Equivalents	722,437
Cash and Cash Equivalents at Beginning of Year	22,460,771
Cash and Cash Equivalents at End of Year	$ 23,183,208
Classification of Cash and Cash Equivalents	
Cash and Cash Equivalents	$ 20,617,121
Restricted Cash and Cash Equivalents	2,566,087
Total Cash and Cash Equivalents at End of Year	$ 23,183,208

The accompanying notes are an integral part of these financial statements.

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2022

(Continued)

		Lorain County Community College
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	$	(76,081,312)
Adjustments:		
Depreciation and Amortization Expense		9,105,520
Allowance for Uncollectible Accounts		(1,960,357)
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		10,632,760
Decrease in Inventories		18,253
Increase in Prepaid Expenses and Other Assets		(2,479)
Increase in Net Pension Asset		(245,303)
Increase in Net OPEB Asset		(2,658,897)
Increase in Deferred Outflows - Pensions		(5,609,739)
Decrease in Deferred Outflows - OPEB		1,100,768
Increase in Accounts Payable		1,314,257
Increase in Accrued Liabilities		361,177
Decrease in Unearned Revenue		(4,981,774)
Decrease in Compensated Absences		(214,450)
Decrease in Net Pension Liability		(29,775,582)
Increase in Deferred Inflows - Pensions		25,868,287
Decrease in Deferred Inflows - OPEB		(3,130,188)
Net Cash Used by Operating Activities	$	(76,259,059)

Non-Cash Activities		
State Capital Projects Paid Directly to Vendors on Behalf of the College	$	1,302,514
Unrealized Loss on Investments	$	(1,857,143)
Capital Assets Purchased on Credit	$	(1,226,742)
Amortization of Bond Premium and Deferred Loss on Refunding	$	(181,861)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lorain County Community College (the College) was established by the General Assembly of the State of Ohio in 1963 by statutory act and chartered under Chapter 3354 of the Revised Code of the State of Ohio and is governed by a board of nine trustees. As such, it is a joint venture of the State of Ohio. The College is exempt from federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income.

Lorain County Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt organization supporting Lorain County Community College. The Foundation was established to foster excellence in teaching and learning by encouraging philanthropic support for students, faculty, programs and facilities of the College. As the majority of the distribution of the resources held by the Foundation is made to the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. See Note 20 for specific disclosures relating to the Foundation.

Basis of Presentation

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

The College applies GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. In accordance with GASB Statement No. 35, the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows are reported on a College-wide basis. The College further applies GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements require that resources be classified for accounting and reporting purposes into the following four net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted - Nonexpendable:** Net position which includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.
- **Restricted - Expendable:** Net position whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net position not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties.

The College's Statement of Net Position reports $9,317,376 of restricted net position, none of which is restricted by enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when obligations have been incurred. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

The College's policy for defining operating activities as reported in the Statement of Revenues, Expenses, and Changes in Net Position are those that result from exchange transactions such as payments received for providing services and payments made for goods or services received. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including State Share of Instruction and Local Appropriations. When the College incurs an expense for which both unrestricted and restricted net assets are available, it is the College’s policy to first apply restricted resources. Student tuition and fees revenues are presented net of scholarships and fellowships applied to student accounts. Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, and information technology services.

The Foundation is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) reporting standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial statements for these differences.

Cash and cash equivalents consist of cash on hand, demand deposits with banks, and highly liquid investments that mature in less than one year.

Receivables are for transactions relating to tuition and fees, local appropriations, auxiliary enterprise sales, grants and contracts, lessor arrangements and miscellaneous sales and services. Receivables are recorded net of allowances for uncollectible accounts.

Prepaid expenses represent payments made to vendors for services that will benefit periods beyond the year end. A current or noncurrent asset is recorded at the time of payment and expense is recognized in the year in which services are consumed.

Inventories are presented at lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory consists primarily of books and supplies in the College’s bookstore.

Investments are stated at fair value, based on quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The College does not invest in derivatives. Investment income is recorded on the accrual basis. Unrealized gains and losses are reflected in investment income (expense), net as nonoperating revenues (expenses) in the Statement of Revenues, Expenses, and Changes in Net Position. Investments with maturities of less than one year are classified as short term.

Capital assets are stated at cost or, if donated, acquisition value at date of gift. The College’s capitalization threshold is $5,000. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives (five to forty years) of the respective assets. When capital assets are sold or otherwise disposed of, the carrying value of such assets and any accumulated depreciation are removed from the Statement of Net Position.

Unearned revenue consists primarily of amounts received in advance of an event, such as student fees and advance ticket sales related to future fiscal years. In fiscal year 2022, the College updated its policy for the recognition of student tuition, which resulted in reductions in receivables, net – current portion and unearned revenue in the same amount. This policy change had no impact on net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash and Cash Equivalents

As of June 30, 2022, restricted cash and cash equivalents included $2,250,750 debt service funds for the Series 2017 and Series 2020 bonds and $315,337 held in escrow for energy conservation capital project improvements.

Leases

The College leases building space and office equipment from external parties (lessee arrangements) and leases cell tower and building space to external parties (lessor arrangements). These leases are accounted and reported in accordance with GASB Statement No. 87, *Leases*. For lessee arrangements, the College records right-of-use assets and lease obligations based on the present value of expected payments over the term of the respective leases. For lessor arrangements, the College records deferred inflows of resources, leases, and notes receivable based on the present value of expected receipts over the term of the respective leases. The lease term may include options to extend or terminate the lease, if it is reasonably certain the option will be exercised. The expected payments/receipts are discounted using the interest rate charged in the lease, if available, and are otherwise discounted using the College's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate.

The College does not have any leases subject to a residual value guarantee. The College capitalizes individual lessee and lessor arrangements that are considered to be material, or groups of arrangements that are considered to be material when aggregated. Right-of-use assets are amortized over the shorter of the lease term or the underlying asset useful life. Deferred inflows of resources, leases, are amortized over the respective lease term.

Contracts that transfer ownership of the underlying asset(s) to the College by the end of the contract are recorded as financed purchases.

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. For the College, deferred outflows of resources include pensions, OPEB and deferred charges on refunding bonds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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, leases, pensions and OPEB. Deferred inflows of resources related to property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. Deferred inflows of resources related to leases, pensions and OPEB are explained in Notes 10, 13 and 14.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Full-time employees begin earning paid vacation on their first day of hire. The amount of vacation earned is based on the number of work/contract days paid in the previous fiscal year and on employee classification, with a maximum number of twenty-five days per year. Employees may carry a maximum of five days of vacation from one fiscal year to the next. Part-time employees who work eight-hundred or more hours during a fiscal year accumulate Earned Time Off (ETO) to a maximum of five days. ETO cannot be rolled over from one year to the next.

Full-time employees are also granted paid sick leave each year to a maximum of fifteen days. Unused sick leave days automatically roll over each year and accrue up to a maximum of two hundred days. Upon retirement from the College, employees are compensated for twenty-five percent of their accumulated sick leave, not to exceed forty-five days. Employees with less than ten years of service are not eligible for this benefit.

The College follows GASB Statement No. 16, *Accounting for Compensated Absences*, when recording its compensated absences liability. As such, the College has accrued a liability for all accumulated vacation and ETO hours, as well as contractual compensated absence balances for certain administrators. The liability for sick leave is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the financial statement date, and on leave balances accumulated for other employees who are expected to become eligible in the future to receive such payments. Included in the compensated absences liability is an amount accrued for salary-related fringe benefits (the employer's share of Medicare taxes).

Use of Estimates

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

Scholarship Allowances

Financial aid to students is reported under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected as operating expenses, or scholarship allowances. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. These allowances are netted against student tuition. Under the alternative method followed by the College, scholarship allowances are computed by allocating the cash payments to students, excluding payments for services, on the ratio of using aid not considered to be third-party aid to total aid.

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase in the face amount of the applicable debt payable, while discounts are presented as a decrease in the face amount of the applicable debt payable.

Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of the refunded general receipts bonds and the net carrying amount of the old debt (deferred loss on refunding), is presented as a deferred outflow of resources in the Statement of Net Position. This accounting loss is amortized as a component of interest expense, over the remaining life of the old debt or the life of the new debt, whichever is shorter.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements

The College implemented the following Governmental Accounting Standards and Implementation Guides during fiscal year 2022:

GASB Statement No. 87, *Leases*, and GASB Implementation Guide No. 2019-3, *Leases*, are effective for fiscal years beginning after June 15, 2021, and require the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The College adopted this statement and implementation guide effective July 1, 2021, using the facts and circumstances that existed at that date. The table below summarizes the impacts of adoption.

		July 1, 2021
Receivables, Net - Current Portion	$	17,130
Receivables, Net		427,655
Capital and Right-of-Use Assets, Net		1,503,084
Total Assets	$	1,947,869
Other Long Term Obligations - Current Portion	$	273,250
Other Long Term Obligations		1,229,834
Total Liabilities	$	1,503,084
Deferred Inflows of Resources, Leases	$	444,785
Total Net Position		No Impact

GASB Statement No. 92, *Omnibus 2020*, was issued in January, 2020. This statement addresses a variety of topics with objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for fiscal years and reporting periods beginning after and for government acquisitions occurring in reporting periods beginning after June 15, 2021 and did not materially impact the College's financial statements or disclosures.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, was issued in October, 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*, which replaces *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021 and did not impact the College's financial statements or disclosures.

GASB Implementation Guide No. 2020-1, *Implementation Guidance Update—2020* and GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021,* provide guidance that clarifies, explains or elaborates on GASB Statements. The requirements of these Implementation Guides have varying effective dates and apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer. Requirements and clarifications for Leases were considered with the implementation of GASB Statement No. 87, *Leases*. Other requirements effective for fiscal year 2022 or that will become effective in future years did not and are not expected to have a material impact on the College's financial statements or disclosures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* was issued in June, 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective immediately, with the exception of the requirements related to the accounting and financial reporting for Section 457 plans which are effective for fiscal years and reporting periods beginning after June 15, 2021. The implementation of this standard did not impact the College's financial statements or disclosures.

GASB Statements and guidance to be implemented in future reporting periods are summarized below.

GASB Statement No. 91, *Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March, 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* was issued in May, 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99, *Omnibus 2022,* was issued in April, 2022, and establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements of this Statement have varying effective dates and apply to the financial statements of all state and local governments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62,* was issued in June, 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The requirements of this Statement apply to the financial statements of all state and local governments and are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences,* was issued in June, 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). The requirements of this Statement apply to the financial statements of all state and local governments and are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The College has not yet determined the impact that these statements will have on its financial statements and disclosures.

NOTE 2 – CASH AND INVESTMENTS

Legal Requirements

Statutes require the classification of monies held by the College into three categories.

> Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the College Treasury, in commercial accounts payable or withdrawable on demand or in money market deposit accounts.
>
> Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
>
> Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer, by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

Regulations permit interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or securities issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or(2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pools (Star Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent (25%) of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

In accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements,* the College's cash deposits are categorized to give an indication of the level of risk assumed by the College. The categories are as follows:

<u>Category 1</u>	Insured or collateralized with securities held by the College or by its agent in the College's name.
<u>Category 2</u>	Collateralized with securities held by the pledging financial institution's trust department or agent in the College's name.
<u>Category 3</u>	Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the College's name.)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

The carrying amount of the College's deposits included in cash and cash equivalents at June 30, 2022 is $5,108,065 and the bank balance is $6,279,410. Any difference between cash carrying amount and bank balance represents normal reconciling items (outstanding checks, cash on hand, and deposits in transit). At June 30, 2022, $500,145 of the College's deposits were insured by the FDIC (Category 1) and $5,779,265 were exposed to custodial credit risk as they were uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the College's name.

At June 30, 2022, the College had $14,325 in un-deposited cash on hand, which is included in cash and cash equivalents in the Statement of Net Position.

The College held $17,970,780 in State Treasury Asset Reserve of Ohio (STAR Ohio) at June 30, 2022. STAR Ohio is an investment pool managed and administered by the State Treasurer's Office which allows subdivisions within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure all of their investments at amortized cost for financial reporting purposes. STAR Ohio applies GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Since STAR Ohio qualifies for reporting at amortized cost under GASB Statement No. 79, the applicability of GASB Statement No. 72 is limited to the disclosures referenced within GASB Statement No. 79. The fair value of the College's position in the pool is the same as the value of its pool share.

STAR Ohio is not required to be categorized in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*. All other investments are Category 2. The following table summarizes the fair market value of the College's investments as of June 30, 2022:

	June 30, 2022		
	Fair Market	Investment Maturities	
Description	Value	Less than 1 year	1-5 years
STAR Ohio	$ 17,970,780	$ 17,970,780	$ -
US agency obligations	12,921,781	-	12,921,781
Municipal bonds	8,651,160	2,534,547	6,116,613
Corporate bonds and notes	7,855,308	1,395,756	6,459,552
Negotiable certificates of deposit	5,756,814	1,951,398	3,805,416
Non Negotiable certificates of deposit	3,170,086	3,170,086	-
US Treasury	3,528,381	-	3,528,381
Commercial paper	3,326,520	3,326,520	-
Money market funds	90,038	90,038	-
Total Investments	$ 63,270,868	$ 30,439,125	$ 32,831,743

Investments - The College's investment policy was approved by the Board of Trustees and establishes priorities and guidelines regarding the investment management of the College's funds. These priorities and guidelines are based upon Chapters 3354.10, 3345.05, and 135.14 of the Ohio Revised Code (ORC) and prudent money management principles.

The investment objectives of the College, in priority order, include compliance with all federal and state laws, safety of principal, liquidity, and yield. Market risks (including interest rate risk and liquidity risk) and credit risk are managed by board policies as described below.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The effects of market value fluctuations will be minimized by maintaining adequate liquidity to pay current obligations, diversification of maturities, and diversification of assets.

Liquidity Risk- The portfolio remains sufficiently liquid to meet all current obligations of the College. This is accomplished by structuring the portfolio so that maturities mature concurrent with cash needs or by investing in securities with active secondary or resale markets. A portion of the portfolio may also be placed in money market mutual funds or local government investment pools (STAR Ohio) that offer liquidity for short-term funds.

Credit Risk- Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest or the failure of the issuer to make timely payments of principal. Credit risk is minimized by (1) diversifying assets by issuer, (2) ensuring that minimum credit ratings exist prior to the purchase of commercial paper and bankers' acceptances, and (3) maintaining adequate collateralization of certificates of deposit.

The table below summarizes Standard & Poor credit ratings by investment type for investments held by the College at June 30, 2022:

Description	AAAm	AAA/AA+ AA/AA-	A+/A A-1+/A1	SP-1+	Not Rated	Total
STAR Ohio	$ 17,970,780	$ -	$ -	$ -	$ -	$ 17,970,780
US agency obligations	-	12,921,781	-	-	-	12,921,781
Municipal bonds	-	8,202,176	-	169,614	279,370	8,651,160
Corporate bonds and notes	-	3,535,750	4,319,558	-	-	7,855,308
Negotiable certificates of deposit	-	-	-	-	5,756,814	5,756,814
Non Negotiable certificates of deposit	-	-	-	-	3,170,086	3,170,086
US Treasury		3,528,381	-	-	-	3,528,381
Commercial paper	-	-	3,326,520	-	-	3,326,520
Money market funds	90,038	-	-	-	-	90,038
Total Investments	$ 18,060,818	$ 28,188,088	$ 7,646,078	$ 169,614	$ 9,206,270	$ 63,270,868

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The table below provides each investment type as a percentage of the College's total investments as of June 30, 2022:

Star Ohio	US Agency Obligations	Municipal Bonds	Corp Bonds	Certificates of Deposit	US Treasury	Commercial Paper	Money Market	Total
28.4%	20.4%	13.7%	12.4%	14.1%	5.6%	5.3%	0.1%	100.0%

To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer or class of securities, the College's investment policy requires diversification strategies to avoid undue concentration of assets in a specific maturity sector.

Custodial Credit Risk- Custodial credit risk is the risk that the College's deposits may not be returned in the event of a bank failure. According to State law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the FDIC or by any other agency or instrumentality of the federal government. Ohio law requires that deposits either be insured or be protected by: a) eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or b) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

Custodial Credit Risk (Continued)

secured or a rate set by the Treasurer of State. The College's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of June 30, 2022, the College's bank balance of $6,279,410 is either covered by the FDIC, secured by investments in U.S. Treasuries, or collateralized by the financial institutions public entity deposit pools in the manner described above.

In addition, all brokers, advisors, and financial institutions initiating transactions with the College must acknowledge their agreement to abide by the content of the College's investment policy. Investment consultants must 1) be licensed by the division of securities under Section 1707.141 of the Ohio Revised Code or be registered with the SEC, and 2) have experience in the management of investments of public funds, especially in the investment of state government investment portfolios or be an eligible institution referenced in Section 135.03 of the Ohio Revised Code.

Securities purchased for the College are held by a third party custodian in a safekeeping account established by the College as provided in Section 135.37 of the Ohio Revised Code, and are evidenced by monthly statements from the custodian describing such securities, limiting custodial credit risk.

NOTE 3 – FAIR VALUE MEASUREMENTS

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The following table summarizes the College's investments that are measured at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
US agency obligations	$ -	$ 12,921,781	$ -	$ 12,921,781
Municipal bonds	-	8,651,160	-	8,651,160
Corporate bonds	-	7,855,308	-	7,855,308
Negotiable certificates of deposit	-	5,756,814	-	5,756,814
Non negotiable certificates of deposit	-	3,170,086	-	3,170,086
US Treasuary	-	3,528,381	-	3,528,381
Commercial paper	-	3,326,520	-	3,326,520
Investments by fair value level	$ -	$ 45,210,050	$ -	$ 45,210,050

Level 2 investments include US government obligations, municipal bonds, corporate bonds, certificates of deposit, US Treasuries and commercial paper. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Short term investments included in cash and cash equivalents in the Statement of Net Position at June 30, 2022 include:

STAR Ohio	$	17,970,780
Money market funds		90,038
Short term investments included in cash and cash equivalents	$	18,060,818

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value and therefore is not included in the fair value measurement table above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring excess amounts to be transacted the following business day(s), but only to the $250 million limit. Transactions in all of a participant's accounts of the STAR Ohio investor will be combined for these purposes.

Investment income (expense), net in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022 consisted of the following:

Interest income	$	370,172
Realized losses		(12,649)
Net unrealized losses		(1,857,143)
Investment expenses		(28,371)
Investment income (expense), net	$	(1,527,991)

NOTE 4 – RECEIVABLES

The composition of receivables, net as of June 30, 2022 is summarized as follows:

	Current Portion	Non-Current Portion	Total
Student accounts	$ 9,287,559	$ -	$ 9,287,559
Local appropriations	27,841,324	-	27,841,324
Government agencies	9,530,121	-	9,530,121
Notes receivable - lessor arrangements	55,953	506,432	562,385
Other accounts and notes receivable	1,850,213	83,896	1,934,109
Total receivables	48,565,170	590,328	49,155,498
Less allowance for uncollectible accounts	(8,121,052)	(4,400)	(8,125,452)
Receivable, Net	$ 40,444,118	$ 585,928	$ 41,030,046

NOTE 5 – LOCAL APPROPRIATIONS

The College receives local appropriations in the form of property taxes levied against real, public utility, and tangible (used in business) personal property located in Lorain County, Ohio. The electors within the County must approve any College property tax. The College collects property taxes for operating, capital and University Partnership purposes from two levies approved by the County voters. The levies were both passed for a ten-year period.

The 1.8 mill levy was approved in November 2010, and expired with the last collection in calendar year 2020. In March 2020, voters approved a renewal of the existing 1.8 mill levy and a 0.5 mill increase. This 2.3 mill renewal levy expires with the last collection in calendar year 2030.

The second levy, approved in November 2013, consists of a 1.5 mill renewal and 0.6 mill increase and expires with the last collection in calendar year 2023. On June 23, 2022, the Board of Trustees authorized an official request to the Lorain County Auditor to certify the current total tax valuation of Lorain County and the total revenue that would be produced under renewal levy type and millage if approved in an election. On July 14, 2022, the Board of Trustees voted to place a renewal of the existing 2.1 mill levy on the November 2022 ballot. On November 8, 2022 voters approved the renewal, with 67% voting for the levy. This renewal levy expires with the last collection in calendar year 2032.

Property taxes include amounts levied against all real and public utility property located in Lorain County. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes, levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, levied after April 1, 2021, and collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the College. First-half tax collections are received by the College in the second half of the fiscal year. Second-half tax collections occur in the first half of the following fiscal year, and are reflected in receivables, net – current portion in the Statement of Net Position. Second-half tax collections are available to finance fiscal year 2022 operations.

Accrued property taxes receivable includes real and public utility property taxes and outstanding delinquencies that are measurable as of June 30, 2022, and for which there is an enforceable legal claim. The remaining portion of the receivable is offset by Deferred Inflows of Resources, Property Taxes, in the Statement of Net Position.

NOTE 6 – TAX ABATEMENTS

The College has not directly entered into any tax abatement agreements and has not made any commitments as part of the agreements.

Agreements entered into by other governments within Lorain County and that reduce the College's tax revenues are categorized into the following programs:

- Community Reinvestment Area (CRA) programs are economic development tools administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas are areas of land in which property owners can receive tax incentives for investing in real property improvements. These programs permit municipalities or counties to designate areas where investment has been discouraged, as a CRA, to encourage revitalization of the existing housing stock and the development of new structures.

- Enterprise Zone programs are economic development tools administered by municipal and county governments that provides real property tax exemptions to businesses making investments in local communities. Enterprise Zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. Enterprise Zone programs can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible (except as noted within rare circumstances). Local communities may offer tax incentives for non-retail projects that are established or expanding operations in the community. Real property investments are eligible for tax incentives.

The following table summarizes tax abatements for the fiscal year ended June 30, 2022.

Tax Abatement Program	Taxes Abated
Community Reinvestment Area	
City of Avon Lake	$ 55,149
City of Elyria	23,736
City of Lorain	52,650
City of North Ridgeville	36,677
LaGrange Village	1,841
Wellingon Township/Wellington Village	3,097
Total Community Reinvestment Area	173,150
Enterprise Zone	
City of Avon	10,910
City of Elyria	10,758
City of Oberlin	1,378
Brownhelm Township/City of Vermilion	2,164
Sheffield Village	727
Total Enterprise Zone	25,937
Historic Preservation Area	
Amherst City	6,216
Total Tax Abatements	$ 205,303

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is summarized below (beginning balance restated to reflect the impact of implementing GASB Statement No. 87, *Leases*):

	Beginning Balance (Restated)	Additions	Retirements and Reclassified	Ending Balance
Non-Depreciable Capital Assets:				
Land	$ 2,739,018	$ -	$ -	$ 2,739,018
Construction in Progress	17,256,506	2,065,503	(16,640,929)	2,681,080
Total Non-Depreciable Capital Assets:	19,995,524	2,065,503	(16,640,929)	5,420,098
Depreciable Capital Assets:				
Improvements	24,652,302	73,287	-	24,725,589
Buildings	235,698,912	1,916,429	12,081,096	249,696,437
Leasehold Improvements	845,081	-	-	845,081
Indisputable Right-of-Use	462,202	-	-	462,202
Equipment	42,738,559	1,272,284	2,141,570	46,152,413
Software	10,408,406	497,476	1,426,795	12,332,677
Total Depreciable Capital Assets:	314,805,462	3,759,476	15,649,461	334,214,399
Less Accumulated Depreciation:				
Improvements	(21,135,925)	(345,252)	-	(21,481,177)
Buildings	(93,497,618)	(5,250,944)	-	(98,748,562)
Leasehold Improvements	(845,081)	-	-	(845,081)
Indisputable Right of Use	(462,202)	-	-	(462,202)
Equipment	(32,178,014)	(2,484,896)	985,872	(33,677,038)
Software	(7,493,477)	(503,777)		(7,997,254)
Total Accumulated Depreciation	(155,612,317)	(8,584,869)	985,872	(163,211,314)
Depreciable Capital Assets, Net	159,193,145	(4,825,393)	16,635,333	171,003,085
Right -of-Use Assets:				
Buildings	1,503,084	667,368	-	2,170,452
Equipment	-	601,120	-	601,120
Total Right-of-Use Assets	1,503,084	1,268,488	-	2,771,572
Less Accumulated Amortization:				
Buildings	-	(400,427)	-	(400,427)
Equipment	-	(120,224)	-	(120,224)
Total Accumulated Amortization	-	(520,651)	-	(520,651)
Right-of-Use Assets, Net	1,503,084	747,837	-	2,250,921
Total Capital and Right of Use Assets, Net	$ 180,691,753	$ (2,012,053)	$ (5,596)	$ 178,674,104

NOTE 8 – JOINT USE AGREEMENTS OHIO DEPARTMENT OF HIGHER EDUCATION (ODHE)

Lorain County Community College has entered into multiple Joint Use Agreements with tax-exempt organizations, approved by the Chancellor of the Ohio Department of Higher Education, whereby the College has been granted appropriations to improve facilities or acquire equipment owned and operated by the respective organizations, as shown below.

ODHE Directive 2015-055 Lorain County Community College and Case Western Reserve University

On October 27, 2014, the College entered into a Memorandum of Understanding (MOU) to form a partnership with Case Western Reserve University (CWRU) to establish a collaborative relationship for engaging faculty, students, and staff to allow for ease in joint programming, facility use, and curriculum, all for the benefit of both student bodies and the larger Northeast Ohio region. The initial term of the agreement terminated June 30, 2015; thereafter to be renewed by mutual consent by both parties, bi-annually to coincide with the State's biennium budget process. Termination of this MOU will not affect the terms of the Joint Use Agreement or any implementing agreements executed between the parties.

On October 13, 2015, both parties, under ODHE Directive 2015-055, entered into a Joint Use Agreement, whereas CWRU was awarded $1,000,000 via Lorain County Community College, from Ohio Capital Bill HB 497 for construction of the Think[box] renovation project. Lorain County Community College, as the public institution stewarding the funds, received 1.5% of the appropriated amount ($15,000) from the State of Ohio to cover administrative fees, while the College requested Controlling Board Release of Funds for payments to CWRU for reimbursement of approved invoices for $985,000 for construction of the facility owned by CWRU.

The capital investment allows the College and CWRU to provide a physical connection point for engaging faculty, students, and staff between the two institutions. Think[box] will be open to the public, and the Joint Use Agreement provides all faculty, staff, students, and companies from Lorain County Community College use of the Think[box] facility, equipment, and materials during business hours, and at other times in consultation with Think[box] staff. The term of the agreement for the Think[box] project is for at least 20 years from the time the facility was ready for occupancy. CWRU shall reimburse the State if Lorain County Community College's use of Think[box] is terminated prior to the expiration of the 20-year term, calculated by dividing $1,000,000 by 20 and multiplying the sum by 20 less the number of full years the facility is used by the College.

ODHE Directive 2017-28 Lorain County Community College and Boys & Girls Clubs of Lorain County

On March 20, 2017, under ODHE Directive 2017-28, the College entered into a Joint Use Agreement with the Boys & Girls Clubs of Lorain County (BGCLC) whereas BGCLC was awarded $175,000 via Lorain County Community College, from Ohio Capital Bill SB 310 for construction, renovation and equipment associated with a Community Kitchen owned and operated by BGCLC. Lorain County Community College refused the 1.5% administrative fee for the BGCLC Community Kitchen project.

The College requested Controlling Board Release of Funds for payments to BGCLC. Upon the receipt of approved Purchase Order/invoices from the contractor, payment vouchers were processed by the College to BGCLC.

The Joint Use Agreement calls for BGCLC to provide two internships per year for Lorain County Community College students at the Community Kitchen and quarterly Culinary Arts/Food and Business Seminars free of charge to Lorain County Community College students, faculty and staff. The College shall have use of the facility for at least 20 years from the time it was ready for occupancy. BGCLC shall reimburse the State if Lorain County Community College's use of the Community Kitchen is terminated prior to the expiration of the 20-year term, calculated by dividing the $175,000 by 20 and multiplying the sum by 20 less the number of full years the facility is used by the College.

NOTE 8 – JOINT USE AGREEMENTS OHIO DEPARTMENT OF HIGHER EDUCATION (ODHE)(Continued)

ODHE Directive 2020-016 Lorain County Community College and Boys & Girls Clubs of Lorain County

On April 20, 2020, under ODHE Directive 2020-016, the College entered into a Joint Use Agreement with the Boys & Girls Clubs of Lorain County (BGCLC) whereas BGCLC was awarded $75,000 via Lorain County Community College, from Ohio Capital Bill, HB 529 for construction of the South Lorain Education and Wellness Center ("Community Center") owned and operated by BGCLC. Lorain County Community College refused the 1.5% administrative fee for the BGCLC Community Center project.

The College will request Controlling Board Release of Funds for payments to BGCLC. Upon the receipt of approved Purchase Order/invoices from the contractor, payment vouchers will be processed by the College to BGCLC.

The capital investment allows the College and BGCLC to provide a physical connection point and bridge for youth/non-traditional learners in the City of Lorain to gain access to College resources and programming including: career assessment and College classes. The Joint Use Agreement requires the construction of a dedicated classroom space at the Community Center for College use. With this classroom space, the College will have the opportunity to offer classes to help community members get their GED or High School Diploma, and additional courses for teens and parents of Club members needing additional employment skills. The College shall have use of the facility for at least 20 years from the time it is ready for occupancy. BGCLC shall reimburse the State if Lorain County Community College's use of the Community Center is terminated prior to the expiration of the 20-year term, calculated by dividing the $75,000 by 20 and multiplying the sum by 20 less the number of full years the facility is used by the College.

ODHE Directive 2020-017 Lorain County Community College and Mercy Health – Regional Medical Center LLC

On April 20, 2020, under ODHE Directive 2020-017, the College entered into a Joint Use Agreement with the Mercy Health – Regional Medical Center LLC (Mercy Health) whereas Mercy Health was awarded $325,000 via Lorain County Community College, from Ohio Capital Bill HB 529, for renovation of the Mercy Regional Behavioral Health Access Center (BAC) owned and operated by Mercy Health. Funds will be used to renovate the existing BAC to dedicate space to care for behavioral health patients. Mercy Health will reimburse Lorain County Community College for administrative costs incurred as a result of the project equal to 1.5% of the appropriated amount, a total of $4,875.

An approved Controlling Board request will release funds to the College. Funds will be reimbursed to Mercy Health after Mercy Health provides invoices or other evidence of expenditures for permitted uses of the capital funds.

The Joint Use Agreement provides the College with use of the renovated space for the continuation of clinical instruction for the Behavioral Health Nursing program. Through direction and approval of Mercy Health, the College can utilize the renovated BAC facility for training, clinical instruction, and further learning opportunities. The College shall have use of the facility for at least 20 years from the time that the BAC becomes accessible. Mercy Health shall reimburse the State if Lorain County Community College's use of the Behavioral Health Access Center is terminated prior to the expiration of the 20-year term, calculated by dividing the $325,000 by 20 and multiplying that sum by 20 less the number of full years the facility is used by the College.

NOTE 8 – JOINT USE AGREEMENTS OHIO DEPARTMENT OF HIGHER EDUCATION (ODHE)(Continued)

ODHE Directive 2021-018 Lorain County Community College and Lorain County Health & Dentistry
On June 4, 2021, under ODHE Directive 2021-018, the College entered into a Joint Use Agreement with Lorain County Health & Dentistry (LCHD) whereas LCHD was awarded $310,000 via Lorain County Community College from Ohio Capital Bill SB 310, to purchase new dental equipment for six dental operatories in the new LCHD Elyria location, to be owned and operated by LCHD. Funds will be used to expand medical and dental services to low-income residents of Lorain County through furnishing certain dental equipment for the new Lorain Medical and Dental Expansion at the new location, 801 Middle Avenue, Elyria, Ohio. The College will be reimbursed for administrative costs incurred as a result of the project in the amount of $4,650, which is equal to 1.5% of the appropriated amount of the funds.

An approved Controlling Board request will release funds to the College. Funds will be reimbursed to LCHD after LCHD provides invoices or other evidence of expenditures for permitted uses of the capital funds.

The Joint Use Agreement provides the College with use of LCHD's Elyria Medical and Dental Center during hours of operation; generally, these hours are 8am through 5pm, Monday through Friday, for clinical instruction in dental hygiene. In addition, the LCHD will hire student interns enrolled in career paths in accounting and business management, to work in the administration offices. These services will be available to Lorain County Community College students for at least 20 years from the time the center is ready for occupancy. LCHD shall reimburse the State if Lorain County Community College's right to use the facility or equipment is terminated by LCHD prior to the expiration of the 20-year term, calculated by dividing $310,000 by 20 and multiplying that sum by 20 less the number of full years the center is used by the College.

The value of the Right to Use the above spaces and equipment under the respective Joint Use Agreements cannot be reasonably estimated, so no intangible assets are recognized in the College financial statements, related to these agreements.

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2022 is summarized as follows (beginning balance restated to reflect the impact of implementing GASB Statement No. 87, *Leases*):

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Current Portion
Other Long Term Obligations					
Direct Placement Bonds					
General Receipts Bonds, 2014	$ 1,550,000	$ -	$ 430,000	$ 1,120,000	$ 440,000
General Obligation Bonds					
General Receipts Bonds, 2012	620,000	-	620,000	-	-
General Receipts Bonds, 2017	18,725,000	-	625,000	18,100,000	625,000
General Receipts Bonds, 2020	33,090,000	-	1,480,000	31,610,000	2,165,000
Premium on Bonds	1,887,079	-	131,047	1,756,032	-
Financed Purchases	15,494,795	-	856,185	14,638,610	883,628
Lease Obligations	1,503,084	1,268,488	493,692	2,277,880	504,236
Total Other Long-Term Obligations	72,869,958	1,268,488	4,635,924	69,502,522	4,617,864
Net Pension Liability:					
OPERS	20,948,627	-	7,928,472	13,020,155	-
STRS	44,092,775	-	21,847,110	22,245,665	-
Total Net Pension Liability	65,041,402	-	29,775,582	35,265,820	-
Other Noncurrent Obligations:					
Early Retirement Incentive included in Accrued Liabilities	134,755	-	134,755	-	-
Compensated Absences	5,926,291	390,392	604,842	5,711,841	670,000
Total Other Noncurrent Obligations	6,061,046	390,392	739,597	5,711,841	670,000
Total Noncurrent Liabilities	$ 143,972,406	$ 1,658,880	$ 35,151,103	$ 110,480,183	$ 5,287,864

NOTE 9 – NONCURRENT LIABILITIES (Continued)

Direct Placement Bonds

Series 2004 and Series 2014 Bond Issues

General Receipts Series 2004 bonds were issued in March 2004, with an all-inclusive (AIC) rate of 4.15%, and repayment over a period of 20 years. The proceeds were used to finance the building of the Entrepreneurship Innovation Center. In November 2014, the College refunded the outstanding balance of its Series 2004 Bonds of $4,145,000 with new Series 2014 General Receipts Bonds, at a rate of 2.19% over the same repayment period remaining for the original Series 2004 Bonds.

In connection with the direct placement bonds, the College has pledged general receipts, excluding State Appropriation receipts and Ad Valorem Tax receipts, to repay these debts. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The bonds are payable, through their final maturities as listed below, solely from these revenues pledged.

The direct placement bonds contain provisions that in event of default, outstanding principal, interest and accreted amounts accrued on such bonds, may become immediately due and payable.

Principal and interest payments on Series 2014 bonds are due as follows:

	Series 2014 Bonds		
Fiscal Years Ended June 30:	Principal	Interest	Total
2023	$ 440,000	$ 22,119	$ 462,119
2024	450,000	12,428	462,428
2025	230,000	2,519	232,519
Total	$ 1,120,000	$ 37,066	$ 1,157,066

General Obligation Bonds

Series 2012 Bond Issue

In March 2012, the College issued Series 2012 bonds totaling $24,725,000 with an AIC rate of 3.90% and repayment over a period of 30 years. The proceeds were used to finance the costs of (i) constructing, equipping and furnishing a new laboratory sciences building; (ii) campus roadway, parking lot and sidewalk improvements, including pavement replacement and upgrading lighting fixtures; (iii) renovating, rehabilitating and refurnishing the existing physical sciences building; (iv) improvements to existing facilities to obtain energy efficiency; and (v) such other Facilities included in the College's capital improvement program.

In February 2020, the College issued $33,840,000 of Series 2020 Bonds to refund $13,150,000 of Series 2011 Bonds maturing on and after December 1, 2021, and $20,800,000 Series 2012 Bonds maturing on and after December 1, 2022.

Final principal and interest payments on the un-refunded Series 2012 were made during the current fiscal year, and there is no remaining liability as of June 30, 2022.

NOTE 9 – NONCURRENT LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2017 Bond Issue

In May 2017, the College issued $21,450,000 of Series 2017 Bonds to refund $21,100,000 of Series 2011 Bonds maturing on and after December 1, 2032. The bond issue was comprised of serial bonds, with an AIC rate of 3.42%. The bonds were issued for an 18.5-year period with a final maturity date of December 1, 2035, and optional call on any date on or after June 1, 2027, in whole or in part (in integral multiples of $5,000).

The net proceeds were placed in the Refunding Escrow Fund to be used to redeem the bonds being refunded on May 23, 2017. As a result, the refunded debt liability as of June 30, 2017 for those refunded bonds of $21,100,000 was considered defeased and the liability for those bonds is not included in the College's financial statements. The College in effect reduced its aggregate debt service payments by $9.56 million over the next 18.5 years and obtained an economic gain (difference between the present values of the old and new debt service payments discounted at the effective interest rate) of $2.96 million.

Principal and interest payments on Series 2017 bonds are due as follows:

	Series 2017 Bonds		
Fiscal Years Ended June 30:	Principal	Interest	Total
2023	$ 625,000	$ 797,450	$ 1,422,450
2024	665,000	771,650	1,436,650
2025	925,000	739,850	1,664,850
2026	1,200,000	697,350	1,897,350
2027	750,000	658,350	1,408,350
2028-2032	4,545,000	2,782,450	7,327,450
2033-2036	9,390,000	744,425	10,134,425
Total	$ 18,100,000	$ 7,191,525	$ 25,291,525

Series 2020 Bond Issue

In February 2020, the College issued $33,840,000 of Federally Taxable Series 2020 Bonds to refund $13,150,000 of Series 2011 Bonds maturing on or after December 1, 2021 and $20,800,000 of Series 2012 Bonds maturing on and after December 1, 2022. The bond issue was comprised of serial bonds, with an AIC rate of 2.32%. The bonds were issued for a 15.8-year period with a final maturity date of December 1, 2035, and optional call on any date on or after December 1, 2030, in whole or in part (in integral multiples of $5,000).

The net proceeds were placed in the Refunding Escrow Fund to be used to redeem the bonds being refunded on February 13, 2020. As a result, the refunded debt liability as of June 30, 2020 for the Series 2011 refunded bonds of $13,150,000 and Series 2012 refunded bonds of $20,800,000 were considered defeased and the liability for those bonds is not included in the College's financial statements. The College in effect reduced its aggregate debt service payments by $10.71 million over the next 15.8 years and obtained an economic gain (difference between the present values of the old and new debt service payments discounted at the effective interest rate) of $4.57 million.

NOTE 9 – NONCURRENT LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2020 Bond Issue (Continued)

Principal and interest payments on Series 2020 bonds are due as follows:

	Series 2020 Bonds		
Fiscal Years Ended June 30:	Principal	Interest	Total
2023	$ 2,165,000	$ 641,733	$ 2,806,733
2024	2,190,000	607,089	2,797,089
2025	2,225,000	571,100	2,796,100
2026	2,265,000	532,317	2,797,317
2027	2,800,000	484,779	3,284,779
2028-2032	14,640,000	1,514,390	16,154,390
2033-2036	5,325,000	264,223	5,589,223
Total	$ 31,610,000	$ 4,615,631	$ 36,225,631

In connection with the general receipts bonds described above, the College has pledged general receipts, excluding State Appropriation receipts and Ad Valorem Tax receipts, to repay these debts. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The bonds are payable, through their final maturities as listed above, solely from these revenues pledged. To provide credit enhancement for the payment of these bonds, the College has entered into an agreement that provides for the withholding and deposit of the College's allocated State Share of Instruction for the payment of Bond Services charges, under certain circumstances.

The general obligation bonds contain provisions that in event of default, outstanding principal, interest and accreted amounts accrued on such bonds, may become immediately due and payable.

Total principal and interest remaining to be paid on direct placement and general obligation bonds is $62,674,222 as detailed below.

	Total General Receipts Bonds		
Fiscal Years Ended June 30:	Principal	Interest	Total
2023	$ 3,230,000	$ 1,461,302	$ 4,691,302
2024	3,305,000	1,391,167	4,696,167
2025	3,380,000	1,313,469	4,693,469
2026	3,465,000	1,229,667	4,694,667
2027	3,550,000	1,143,129	4,693,129
2028-2032	19,185,000	4,296,840	23,481,840
2033-2036	14,715,000	1,008,648	15,723,648
Total	$ 50,830,000	$ 11,844,222	$ 62,674,222

Interest paid on direct placement and general obligation bonds during the fiscal year ended June 30, 2022 amounted to $1,537,901.

NOTE 9 – NONCURRENT LIABILITIES (Continued)

Financed Purchases

In July 2019, the College entered into a sixteen-year tax-exempt purchase agreement to finance certain energy conservation improvements. The agreement has a principal component of $16,324,388 and an interest rate of 3.18%. The improvements were substantially completed by fiscal year 2022, and energy savings are contractually guaranteed to offset the costs of the projects and related financing.

Principal and interest payments required under the purchase agreement are due as follows:

Fiscal Years Ended June 30:	Financed Purchases Principal	Interest	Total
2023	$ 883,628	$ 458,538	$ 1,342,166
2024	911,950	430,216	1,342,166
2025	941,181	400,985	1,342,166
2026	971,348	370,818	1,342,166
2027	1,002,483	339,683	1,342,166
2028-2032	5,515,501	1,195,329	6,710,830
2033-2036	4,412,519	285,063	4,697,582
Total	$ 14,638,610	$ 3,480,632	$ 18,119,242

Interest paid on financed purchases during the fiscal year ended June 30, 2022 amounted to $485,981.

Net Pension Liability

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made by the College. For additional information related to the net pension liability and net OPEB liability, see Notes 13 and 14.

NOTE 10 – LEASES

Lessee Arrangements

The College leases building space and office equipment from external parties. In accordance with GASB Statement No. 87, *Leases*, the College records right-of-use assets and lease obligations based on the present value of expected payments over the term of the respective leases. Right-of-use assets are reported as capital assets, and the related amortization expense is included in depreciation and amortization. During the year ended June 30, 2022, the College recognized amortization expense related to right-of-use assets totaling $520,651.

Principal and interest payments required under lessee arrangements are as follows:

Fiscal Years Ended June 30:	Principal Lease Obligations	Plus Interest	Total Lease Payments
2023	$ 504,236	$ 52,196	$ 556,432
2024	518,412	39,394	557,806
2025	535,832	26,006	561,838
2026	430,700	13,343	444,043
2027	288,700	4,088	292,788
Total	$ 2,277,880	$ 135,027	$ 2,412,907

NOTE 10 – LEASES (Continued)

Lessee Arrangements (Continued)

During the year ended June 30, 2022, the College recognized interest expense related to lease obligations totaling $63,546, which is included in interest on debt in the Statement of Revenue, Expenses and Changes in Net Position.

Lessor Arrangements

The College leases cell tower and building space to external parties. In accordance with GASB Statement No. 87, *Leases*, the College records deferred inflows of resources, leases, and notes receivable based on the present value of expected receipts over the term of the respective leases. During the year ended June 30, 2022, the College recognized amortization of deferred inflows related to leases totaling $43,738 and interest income from leases totaling $12,931, which are reported as other net nonoperating revenue in the Statement of Revenue, Expenses and Changes in Net Position. Notes receivable from lessor arrangements are disclosed in Note 4.

NOTE 11 – EARLY RETIREMENT INCENTIVE (ERI)

The College follows GASB Statement No. 47, *Accounting for Termination Benefits,* when recording its ERI liability.

In fall 2017, the College Board of Trustees approved an ERI program available to both faculty and staff employees who had accrued 20 or more years of service at the College and who elected to retire by June 30, 2018. This ERI program was effective for the period beginning October 15, 2017 for faculty retirees, and beginning December 17, 2017 for staff retirees; both ended June 30, 2018. The undiscounted future benefit payments were based on the employees' annual salary at the time of retirement. Early retirement incentive payments of $134,755 were made during the current fiscal year and there is no remaining liability at June 30, 2022.

NOTE 12 – STATE SUPPORT

The College is a State-assisted institution of higher education that receives a student performance-based subsidy from the State of Ohio. The subsidy is determined annually based upon the State Share of Instruction (SSI) formula, an outcomes-based approach, instituted by the State of Ohio.

In addition to the student subsidy, the State of Ohio provides some of the funding for construction of major plant facilities on the College's campuses. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent lease of the facility, by the Ohio Department of Higher Education. Upon completion, the Ohio Department of Higher Education turns over control of the facility to the College. The annual debt service charges for principal and interest on the bonds are currently being funded through appropriations to the Ohio Department of Higher Education by the Ohio General Assembly. Neither the obligation for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements.

The facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund, and future payments to be received by such fund, which is established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, the Ohio Department of Higher Education may assess a special fee uniformly applicable to students in State-assisted institutions of higher education throughout the State.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

Net Pension / OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the Statement of Net Position represents a liability (asset) to employees for pensions/OPEB. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB 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/OPEB is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net pension/OPEB liabilities (assets) represent the College's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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/OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB Statements No. 68 and No. 75 assume the liability (asset) 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). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Fully-funded benefits are presented as a long-term net pension/OPEB asset. Any liability for the contractually required contribution outstanding at the end of the year is included in accrued liabilities on the accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - College employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan and the Combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (College employees) may elect the Member-Directed plan, substantially all employee members are in OPERS' Traditional or Combined plans; therefore, the following disclosure focuses on the Traditional and Combined plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law 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. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Traditional plan (see OPERS ACFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local Age and Service Requirements:	**State and Local Age and Service Requirements:**	**State and Local Age and Service Requirements:**
Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

When a benefit recipient retiring under the Traditional pension plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Additionally, a death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional pension plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS Traditional Pension Plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS-contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It will also help OPERS address expected investment market volatility and adjust to the lack of available funding for health care. The specifics of this new tier are in discussion with stakeholder groups and will be finalized in 2022.

The Combined plan is a defined benefit plan with elements of a defined contribution 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. Member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement, the member may choose a defined contribution distribution that is equal to the member's contributions to the plan and investment earnings (or losses). Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

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, FAS, and years of service. Eligibility regarding age and years of service in the Combined plan is the same as the Traditional pension plan.

Members retiring under the Combined plan receive a 3% COLA on the defined benefit portion of their benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Combined plan.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Combined plan (see OPERS ACFR referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local **Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**State and Local** **Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**State and Local** **Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Newly-hired members only have the option to select from the Traditional Pension Plan or the Member-Directed Plan, as the Combined Plan was closed to new members beginning January 1, 2022. Current participants in the Combined Plan were not impacted by these changes.

The Member-Directed plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The distribution upon retirement is equal to the sum of member and vested employer contributions plus investment earnings (or losses). Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Both 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 consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans.

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 members' contributions, vested employer contributions and investment gains or losses resulting from the members' 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 in their individual OPERS accounts. Options include the purchase of a monthly defined benefit 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 entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10.0% of covered payroll for members in the state and local classifications.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2022 for the Traditional and Combined plans. The portion of employer contributions allocated to health care for members in the Member-Directed plan was 4.0% for 2022. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. In 2022, the College's contractually required contribution, net of postemployment health care benefits, was $3,148,674. Of this amount, $243,883 is reported as an accrued liability at June 30, 2022.

Plan Description - State Teachers Retirement System of Ohio (STRS)

Plan Description – College licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. The report can be viewed by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System of Ohio (STRS) (Continued)

The DB plan offers an annual retirement allowance based on FAS multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of FAS for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14.00% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12.00% of the 14.00% member rate goes to the DC Plan and 2.00% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS therefore has included all three plan options in the GASB Statement No. 68 schedules of employer allocations and collective pension amounts by employer.

A DB or CO Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or CO Plans.

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their date of hire to select a retirement plan. For employees who select an ARP, employers are required to remit employer contributions to STRS at a rate of 4.47% of payroll in fiscal year 2022.

Administrative Expenses – The costs of administering the DB and postemployment health care plans are financed by investment income. The administrative costs of the DC Plan are financed by participant fees.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022 the employer rate was 14.00% and the plan members were also required to contribute 14.00% of covered salary.

The College's contractually required contributions to STRS was $3,131,953 for fiscal year 2022.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) was measured as of December 31, 2021 for OPERS and June 30, 2021 for STRS. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 (OPERS) and June 30, 2021 (STRS), respectively. The College's proportion of the net pension liability (asset) was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional	OPERS Combined	STRS	Total
Proportion of the net pension liability/asset current measurement date	0.149650%	0.140734%	0.173986%	
Proportion of the net pension liability/asset prior measurement date	0.141470%	0.107113%	0.182228%	
Change in Proportionate Share	0.008180%	0.033621%	(0.008242)%	
Proportionate share of the net pension liability	$ 13,020,155	$ -	$ 22,245,665	$ 35,265,820
Proportionate share of the net pension asset	$ -	$ 554,499	$ -	$ 554,499
Reduction in pension expense	$ (3,888,146)	$ (86,304)	$ (1,174,121)	$ (5,148,571)

Deferred outflows of resources and deferred inflows of resources represent the effect of changes in the net pension liability (asset) due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the College's proportion of the collective net pension liability (asset). The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five-year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2022, the College reported deferred outflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	STRS	Total
Deferred Outflows of Resources				
College contributions subsequent to the measurement date	$ 1,439,496	$ 42,317	$ 3,131,953	$ 4,613,766
Differences in employer contributions and change in proportionate share	1,008,684	7,843	92,691	1,109,218
Change in assumptions	1,628,157	27,865	6,171,346	7,827,368
Differences between expected and actual experience	663,748	3,440	687,284	1,354,472
Total deferred outflows of resources	$ 4,740,085	$ 81,465	$ 10,083,274	$ 14,904,824

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2022, the College reported deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	STRS	Total
Deferred Inflows of Resources				
Differences in employer contributions and change in proportionate share	$ 375,218	$ 86,060	$ 2,273,136	$ 2,734,414
Net difference between projected and actual earnings on pension plan investments	15,487,001	118,876	19,171,505	34,777,382
Differences between expected and actual experience	285,564	62,019	139,435	487,018
Total deferred inflows of resources	$ 16,147,783	$ 266,955	$ 21,584,076	$ 37,998,814

The $4,613,766 reported as deferred outflows of resources related to pensions 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, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	OPERS Traditional	OPERS Combined	STRS	Total
Fiscal Year Ending June 30:				
2023	$ (1,704,202)	$ (46,573)	$ (3,796,213)	$ (5,546,988)
2024	(5,037,749)	(60,508)	(3,392,608)	(8,490,865)
2025	(3,641,620)	(43,460)	(3,257,617)	(6,942,697)
2026	(2,463,623)	(35,640)	(4,186,317)	(6,685,580)
2027	-	(15,254)	-	(15,254)
Thereafter	-	(26,372)	-	(26,372)
Total	$ (12,847,194)	$ (227,807)	$ (14,632,755)	$ (27,707,756)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the Traditional and Combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	OPERS Traditional	OPERS Combined
Valuation date	December 31, 2021	December 31, 2021
Experience study	5 year period ended December 31, 2020	5 year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% inflation	2.75% to 10.75%	2.75% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2022, then 2.05% Simple	3.00% Simple through 2022, then 2.05% Simple

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2020 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term 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 asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional plan, the defined benefit component of the Combined plan and the annuitized accounts of the Member-Directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for changing amounts actually invested for the Defined Benefit portfolio was 15.3% for 2021.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00%	1.03%
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risky parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following table presents the College's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9%, as well as what the College's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Traditional Plan			
College's proportionate share of net pension liability (asset)	$ 34,328,214	$ 13,020,155	$ (4,710,982)
Combined Plan			
College's proportionate share of net pension asset	$ 413,758	$ 554,499	$ 664,264

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increase	3.00%
Investment rate of return	7.00% net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0.00%

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic equity	28.00%	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates of 14.00% each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of net pension liability	$ 41,657,804	$ 22,245,665	$ 5,842,449

NOTE 14 – DEFINED BENEFIT OPEB PLANS

See Note 13 for a description of the net OPEB asset.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – the 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 benefit pension plan that has elements of both a defined benefit and defined contribution plan. While members (College employees) may elect the Member-Directed plan, substantially all employee members are in OPERS' Traditional or Combined plans; therefore, the following disclosure focuses on the Traditional and Combined plans.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined plans.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional pension and Combined plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' ACFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional pension plan and Combined plan was 0.0% during fiscal year 2022. The portion of employer contributions allocated to health care for members in the Member-Directed plan was 4.00% during fiscal year 2022. The OPERS Board 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's contractually required contributions to OPERS health care plans was $44,265 for fiscal year 2022. Of this amount, $3,356 is reported as an accrued liability at June 30, 2022.

Plan Description - State Teachers Retirement System of Ohio (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan (Plan) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B partial premium reimbursements will be continued indefinitely. Disclosures for the Plan are included in the STRS stand-alone financial report, which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Assets, OPEB Reduction in Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset was measured as of December 31, 2021 for OPERS and June 30, 2021 for STRS. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and June 30, 2021, respectively. The College's proportion of the net OPEB asset was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and reduction in OPEB expense:

	OPERS	STRS	Total
Proportion of the net OPEB asset current measurement date	0.150351%	0.173986%	
Proportion of the net OPEB asset prior measurement date	0.141224%	0.182228%	
Change in Proportionate Share	0.009127%	(0.008242%)	
Proportionate share of the net OPEB asset	$ 4,709,224	$ 3,668,351	$ 8,377,575
Reduction in OPEB expense	$ (4,366,592)	$ (301,295)	$ (4,667,887)

At June 30, 2022, the College reported deferred outflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
College contributions subsequent to the measurement date	$ 20,430	$ -	$ 20,430
Differences in employer contributions and change in proportionate share	156,507	47,740	204,247
Changes in assumptions	-	234,319	234,319
Differences between expected and actual experience	-	130,618	130,618
Total deferred outflows of resources	$ 176,937	$ 412,677	$ 589,614

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Assets, OPEB Reduction in Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2022, the College reported deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Inflows of Resources			
Differences in employer contributions and change in proportionate share	$ 238,149	$ 138,212	$ 376,361
Net difference between projected and actual earnings on OPEB plan investments	2,245,026	1,016,803	3,261,829
Changes in assumptions	1,906,240	2,188,438	4,094,678
Differences between expected and actual experience	714,316	672,108	1,386,424
Total deferred inflows of resources	$ 5,103,731	$ 4,015,561	$ 9,119,292

The $20,430 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (3,144,592)	$ (1,047,053)	$ (4,191,645)
2024	(989,684)	(1,021,605)	(2,011,289)
2025	(490,527)	(956,098)	(1,446,625)
2026	(322,421)	(435,778)	(758,199)
2027	-	(144,999)	(144,999)
Thereafter	-	2,649	2,649
Total	$ (4,947,224)	$ (3,602,884)	$ (8,550,108)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Health care costs trend rate	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement date	1.84%
Prior measurement date	2.00%
Wage inflation	2.75%
Projected salary increases, including 2.75% inflation	2.75% - 10.75%
Single discount rate:	
Current measruement date	6.00%
Prior measurement date	6.00%

The most recent experience study was completed for the five-year period ended December 31, 2020.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care 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 asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional pension plan, Combined plan and Member-Directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3% for 2021.

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Averages Long-Term Expected Real Rate of Return (Geometric)
Fixed income	34.00%	0.91%
Domestic equities	25.00	3.78
Real estate investment trust	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

Discount Rate: A single discount rate of 6.00% was used to measure the OPEB asset on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84% for 2021. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate: The following table presents the College's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate. Also shown is the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$ 2,769,465	$ 4,709,224	$ 6,319,253

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB asset	$ 4,760,113	$ 4,709,224	$ 4,648,853

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

Assumption Changes Since the Prior Measurement Date: Municipal bond rate decreased from 2.00% to 1.84%. The health care cost trend rate decreased from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021 actuarial valuation are presented below:

Salary increases	12.5% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%

Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	(16.18%)	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic equity	28.00%	7.35%
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB assets as of June 30, 2021.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates: The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of net OPEB asset	$ 3,095,521	$ 3,668,351	$ 4,146,864

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of net OPEB asset	$ 4,127,475	$ 3,668,351	$ 3,100,601

NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

Assumption Changes Since the Prior Measurement Date: Changes in key assumptions used in calculating the total OPEB liability in the prior year are presented below:

Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Medicare	(6.69%)	4.00%
Prescription Drug		
Medicare	11.87%	4.00%

Benefit Term Changes Since the Prior Measurement Date: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in 2022. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 15 – DEFINED CONTRIBUTION RETIREMENT PLAN

An Alternative Retirement Plan (ARP) was approved by the College's Board of Trustees on January 28, 1999, with an effective date of March 1, 1999. The ARP is a defined contribution pension plan available to full-time employees in lieu of participation in OPERS and STRS. For the employees who elected participation in ARP, prior employee contributions to OPERS and STRS were transferred from those plans and invested in individual accounts established with selected external investments managers. The ARP is self-directed and is not maintained by the College.

The ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the fiscal year ended June 30, 2022, contributions equal to those required by OPERS and STRS are required to be made to the ARP; however, a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution must be contributed to OPERS or STRS to enhance the stability of those plans.

For the fiscal year ended June 30, 2022, the College's required contributions for pension obligations and employee contributions to the plan were $122,003 and $91,007 respectively. As of June 30, 2022, 89.5% of the College's contributions have been contributed, with the balance being reported as an accrued liability.

NOTE 16 - OTHER NET NONOPERATING REVENUE

Other net nonoperating revenue for fiscal year 2022 includes the following:

Gifts	$ 300,240
Amortization of deferred inflows of resources, leases	43,738
Interest income, leases	12,931
Gain on asset disposal, net	24,405
Other, net	13,619
Other net nonoperating revenue	$ 394,933

NOTE 17 – LITIGATION AND CONTINGENCIES

Grants

The College receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed amounts resulting from this or any other such audits could become a liability of the College.

Litigation

During the normal course of its operations, the College has become a defendant in various legal actions. It is not possible to estimate the outcome of these legal actions; however, in the opinion of legal counsel and the College administration, the disposition of these pending cases will not have a material adverse effect on the financial condition or operations of the College.

NOTE 18 - RISK MANAGEMENT

The College maintains property and casualty liability insurance. The College has not incurred significant reductions in insurance coverage from coverage in the prior year. Settled claims against College liability policies have not exceeded policy limits in any of the past three fiscal years.

The College also has self-insured health and dental coverage for its employees. The College's risk exposure is limited to claims incurred and stop-loss insurance is held. Medical Mutual of Ohio administers claims for the College. The claims liability of $1,226,294 at June 30, 2022 is included in accrued liabilities in the Statement of Net Position and is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in claims activity for the past three fiscal years are as follows:

Fiscal Year Ended June 30:	Beginning of Year	Claims	Payments	End of Year
2020	$ 1,020,848	4,143,254	(4,343,647)	$ 820,455
2021	$ 820,455	4,497,642	(4,184,643)	$ 1,133,454
2022	$ 1,133,454	5,279,426	(5,186,586)	$ 1,226,294

NOTE 19 – COVID-19 GLOBAL PANDEMIC

On March 11, 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The State of Ohio's declared state of emergency ended June 2021, while the national state of emergency continues. The pandemic has significantly impacted domestic and global economic conditions and has created significant uncertainties in the economy. The full impact of the pandemic continues to evolve as of the date of this report.

To assist with the economic impact of the pandemic, the Federal government signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) 2021, and the American Rescue Plan (ARP) Higher Education Emergency Relief Funding, which included Higher Education Emergency Relief Funds (HEERF I, HEERF II and HERRF IIII, known collectively as HEERF funds). The College was awarded $37.4 million in HEERF funding, of which $15.0 million was required to be distributed to students as emergency grants. The College recognized $24.8 million, $12.2 million and $1.2 million of revenue from these awards during fiscal years 2022, 2021 and 2020, respectively, included in nonoperating revenues – federal grants and contracts in the Statement of Revenues, Expenses and Changes in Net Position.

Fiscal 2022 HEERF grant revenue supported emergency aid to students for $10.8 million, and other expenses of $13.2 million related to the pandemic, including distance learning technology enhancements, hybrid classrooms, collaboration tools, HVAC upgrades, bi-polar ionization equipment, vaccine incentive payments and student reengagement (balance assistance).

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC.

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities – Lorain County Community College Foundation, Inc. (the Foundation), a non-governmental, non-profit Ohio corporation established for the exclusive benefit and support of Lorain County Community College (the College), assembles and utilizes its resources solely to assist and support the College in the achievement of its mission and vision.

B. Accounting Method – The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations. The Foundation has reported information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions
This category includes net assets not subject to donor-imposed stipulations. This category periodically includes net assets designated by the LCCC Foundation Board of Directors (the Board). At June 30, 2022 and 2021, there were board designated net assets of $3,688,399 and $3,554,479, respectively. As of June 30, 2022 and 2021, there was a deficit in undesignated net assets without donor restrictions totaling $184,170 and $131,875, respectively.

Net Assets With Donor Restrictions
This category includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Board/Foundation and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. It also includes earnings from endowments with donor restrictions net of amounts appropriated by the Board of Directors.

C. Net Asset Transfers – From time to time, the Foundation's donors reconsider the nature of gifts to the Foundation and request reclassification of net asset balances to more closely align with the intention of their donations. The Foundation records these net asset reclassifications as net asset transfers between net asset classifications.

D. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Comparative Financial Information – The financial statements include certain prior year summarized comparative financial information. Such information does not include sufficient detail to constitute a full financial statement presentation. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

F. Cash and Cash Equivalents – The Foundation classifies its checking and money market accounts as cash. Any cash or cash equivalents maintained within professionally managed accounts are classified as investments, due to the overall non-current investment strategy of their investment philosophy.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Investments – Investment income includes realized and unrealized gains and losses, and interest and dividends, net of investment management fees, which are reported in the changes in net assets in the accompanying statement of activities and changes in net assets.

H. Fair Value Reporting – Under accounting principles generally accepted in the United States of America, financial and nonfinancial assets and liabilities are required to be remeasured on an annual basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 – Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The Foundation has determined the fair value of the investments to be within Levels 1, 2 and 3, as summarized herein, of the hierarchy. The Foundation's investments in equity securities and mutual funds are valued with quoted prices in active markets that are considered to be Level 1 inputs. Investments in money market funds are considered to be Level 2 inputs. Investments in limited partnerships which are based on the change in the equity partnership are considered to be Level 3 inputs and are fully reserved.

Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that a change in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Certain investments in funds established by private investment companies are valued based upon the net asset value (NAV) provided by the fund manager as a practical expedient. As allowed by accounting principles generally accepted in the United States of America, these investments are not included in the fair value levels described above.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fair Value Reporting (Continued)

The following is a summary of the inputs used as of June 30, 2022 and 2021 in valuing the Foundation's investments carried at fair value:

2022	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 994,119	$ -	$ 994,119	$ -
Equity mutual funds	43,249,749	43,249,749	-	-
Bond mutual funds	5,456,062	5,456,062	-	-
Total assets in the fair value hierarchy	49,699,930	$ 48,705,811	$ 994,119	$ -
Investments value at NAV	2,313,141			
	$ 52,013,071			

2021	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 1,490,018	$ -	$ 1,490,018	$ -
Equity mutual funds	43,995,223	43,995,223	-	-
Bond mutual funds	12,647,955	12,647,955	-	-
Total assets in the fair value hierarchy	58,133,196	$ 56,643,178	$ 1,490,018	$ -
Investments value at NAV	2,167,236			
	$ 60,300,432			

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	2022	2021
Beginning balance	$ -	$ -
Distributions	-	-
Contributions	-	-
Management fee	(4,551)	(4,473)
Unrealized gain (loss)	107,866	30,951
Valuation allowance	(103,315)	(26,478)
Ending balance	$ -	$ -

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Equipment and Software – Equipment and software are recorded at historical cost or fair market value in case of donation. Depreciation is recorded on the straight-line method over the useful lives of the respective assets, which generally range from three to seven years. The Foundation capitalizes all long-lived assets that cost more than $1,000 and have a useful life in excess of one year. Depreciation expense was $3,088 and $1,286 for the years ended June 30, 2022 and 2021, respectively. Accumulated depreciation at June 30, 2022 and 2021 was $33,270 and $30,182, respectively.

J. Contributions – The Foundation recognizes contributions as revenue in the period in which the pledge (unconditional promise to give) is received. Conditional promises to give are not recognized as revenue until conditions are met. As of June 30, 2022 and 2021, the Foundation had $3,132,000 and $2,205,000, respectively, of conditional promises to give that will be recognized as contribution revenue as conditions are substantially met.

Grants from the State of Ohio and collaborating colleges and universities related to the Innovation Fund are conditional based on criteria included within the grant and collaboration agreements. The Innovation Fund recognizes revenue from these agencies when the conditions are fulfilled and the Foundation has requested reimbursement.

K. Contributed Nonfinancial Assets – For the years ended June 30, 2022 and 2021, the Foundation recognized nonfinancial contributions of $145,150 and $143,866, respectively. The nonfinancial contributions were services provided by the College in support of the administrative and fundraising operations of the Foundation. The contributions consisted of salaries and benefits related to personnel, printing and copying services, travel and meals, and telephone services. The contributions are valued at actual costs incurred by the College but not reimbursed by the Foundation.

L. Donated Services – Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation. Note 1.K. to the financial statements discloses the value of services donated by the College to the Foundation during the years ended June 30, 2022 and 2021.

M. Foundation Support Fee – Excluding unconditional promises to give the Foundation allocates a 1.25% foundation support fee on net assets with donor restrictions that are endowed or have a projected lifespan of three years or more and have a fund balance of greater than $15,000. The support is used to provide for indirect program, general management and fundraising expenses. The total amount charged to donor-restricted net assets related to this fee was $536,959 and $482,111 for the years ended June 30, 2022 and 2021, respectively.

N. Functional Allocation of Expenses – The cost of providing various programs and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets and by natural classification in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising.

Activities of the Foundation that are not directly related to program services are classified as management and general or fundraising activities. Management and general activities are those related to the general operations of the Foundation including investment management, accounting, auditing, tax preparation, board management, insurance, payroll, legal, record keeping and personnel. Fundraising activities are those related to the strategic cultivation and solicitation of contributions, stewardship of donors and related programs, fundraising and recognition events, development of marketing materials through various media and promoting community relationships. Costs for management and general as well as fundraising are allocated based on the nature of the expense incurred. Individual expenses are categorized as expensed. Personnel costs are allocated based on the effective use of employee's time and effort.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

O. Income Taxes – The Foundation is exempt from income taxes under Section 501(c)(3) as a non-governmental, non-profit entity under provisions of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 of the Internal Revenue Code.

The Foundation believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. As of June 30, 2022, the Foundation's income tax years from 2018 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

P. Reclassifications – Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation.

Q. Subsequent Events – The Foundation has evaluated subsequent events through October 11, 2022, the date which the financial statements were available to be issued.

Note 2. Unconditional Promises to Give

Unconditional promises to give at June 30, 2022 and 2021 are as follows:

	2022	2021
Receivable in less than one year	$ 574,000	$ 432,439
Receivable in one to five years	907,000	1,290,000
Receivable in six to ten years	-	-
Receivable in greater than ten years	-	-
Total unconditional promises to give	1,481,000	1,722,439
Less discounts to present value	(33,391)	(58,123)
Less valuation reserves for uncollectible promises to give	-	-
Net unconditional promises to give	$ 1,447,609	$ 1,664,316

The discount rate used on long-term promises to give was 2.00% at June 30, 2022 and 2021. Pledges receivable restricted for long-term purposes of $182,500 are due in less than one year as of June 30, 2022.

The Foundation has estimated a reserve for uncollectible promises to give based upon management's review of current outstanding promises to give, current economic conditions and historical collections of $-0- and $-0- at June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, the Foundation directly wrote off uncollectible promises to give of $-0- and $103,000, respectively. During the years ended June 30, 2022 and 2021, the Foundation recognized a change in the reserve for uncollectible promises to give of $-0- and $(3,167), respectively.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 3. Investments

Investments are carried at fair value and are summarized as follows:

	June 30, 2022		June 30, 2021	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 994,119	$ 994,119	$ 1,490,018	$ 1,490,018
Equity mutual funds	35,242,486	43,249,749	26,517,425	43,995,223
Bond mutual funds	5,791,643	5,456,062	12,265,355	12,647,955
Alternative investment	2,100,000	2,313,141	2,000,000	2,167,236
Limited partnership	219,560	-	219,560	-
	$ 44,347,808	$ 52,013,071	$ 42,492,358	$ 60,300,432

Investment income for the years ended June 30, 2022 and 2021 consisted of the following:

	2022	2021
Interest and dividends	$ 2,358,478	$ 1,556,089
Net realized and unrealized gain (loss)	(10,646,644)	10,929,530
Management fees	(97,913)	(89,232)
Total investment income	$ (8,386,079)	$ 12,396,387

Alternative Investments

The Foundation's alternative investments include investments in the Black Diamond Arbitrage Ltd. Fund (the Fund). As of June 30, 2022 and 2021, the fair value of investments in the Fund were $2,213,977 and $2,167,236, respectively. The strategy includes investments in a single-strategy event-driven fund. Event-driven strategies center on investing in securities of companies facing a major corporate event. There are no unfunded commitments relating to this investment, and the Fund offers monthly liquidations with a 45 day notice.

The Foundation's alternative investments also include private equity positions held in a portfolio of companies as held by GLASfunds SPC. As of June 30, 2022 and 2021, the fair value of investments in the Fund were $99,164 and $-0-, respectively. As of June 30, 2022 and 2021, there were unfunded commitments relating to this investment of $900,000 and $-0-, respectively.

Mutual Capital Partners Fund Partnership

During 2011, the Foundation's Board approved program support of $50,000 per year for five years with Mutual Capital Partners (MCP). Under this agreement, MCP will provide specific deliverables to enhance the College's entrepreneurship program including: internships and jobs for Lorain County Community College students with MCP companies, build an entrepreneurial speaker series and mentor Innovation Fund and GLIDE companies and initiatives.

This programmatic relationship qualified the Foundation as an investor in the Mutual Capital Partners Fund II, an Ohio limited partnership. Payments of $250,000 have been made. At June 30, 2022 and 2021, the valuation of this investment was $356,311 and $252,996, respectively, but due to the speculative nature of the investment was fully reserved. The partnership's annual administrative fee was $4,551 and $4,473 for the years ended June 30, 2022 and 2021, respectively.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 4. Charitable Remainder Trust

The Foundation was named co-beneficiary of a charitable remainder unitrust. Despite the fact the trust is irrevocably funded, no amount has been recorded in the accompanying financial statements, as the naming and changing of the charities in the trust is revocable by the trustees.

Note 5. Net Assets

In 2016, the Board of Directors of the Foundation established a board designated operating reserve for the support of ongoing activities of the Foundation. The reserve totaled $2,618,600 and $3,179,218 as of June 30, 2022 and 2021, respectively. The Board approves allocations from the operating reserve annually to fund ongoing operations.

In 2018, the Board of Directors of the Foundation established a board designated endowment from a donor's unrestricted gift. The purpose of the fund is to generate annual support for the campus grants program. The fund totaled $30,648 and $35,583 as of June 30, 2022 and 2021, respectively.

In 2021, the Board of Directors of the Foundation established two board designated endowments from two donors' unrestricted gifts. The purpose of the funds are to generate unrestricted annual support. The funds totaled $470,162 and $339,678 as of June 30, 2022 and 2021, respectively.

In 2022, the Board of Directors of the Foundation established a board designated endowment from a donor's unrestricted gifts. The purpose of the fund is to generate unrestricted annual support. The fund totaled $568,989 as of June 30, 2022.

Net assets with donor restrictions are placed in one of two categories: net assets with donor restrictions for a specific purpose or specified time or net assets maintained permanently by the Foundation as endowments.

Net assets with donor restrictions for a specific purpose or specified time as of June 30, 2022 and 2021 were for the following purposes:

	2022	2021
Support of the College's faculty, programs, facilities and Foundation's operation	$ 9,120,557	$ 9,674,709
Innovation fund	912,363	579,194
Scholarships	1,114,998	942,523
Total net assets with donor restrictions for a specific purpose or specified time	$11,147,918	$11,196,426

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 5. Net Assets (Continued)

Net assets with donor restrictions to be maintained permanently as endowments as of June 30, 2022 and 2021 were comprised of the following amounts, the earnings of which were available for the following purposes:

	2022	2021
Support of the College's faculty, programs and facilities	$17,414,842	$21,172,505
Scholarships	18,578,556	21,882,618
Operations and general support	5,363,795	6,245,039
Total net assets with donor restrictions to be maintained permanently as endowments	$41,357,193	$49,300,162

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or passage of time for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Support of the College's faculty, programs, facilities and Foundation's operation	$ 1,112,872	$ 946,912
Innovation fund disbursements	135	50,000
Scholarships	857,621	1,061,109
Total restrictions released	$ 1,970,628	$ 2,058,021

Note 6. Endowments

The Foundation's endowment includes 194 scholarship funds and 19 program funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be maintained permanently: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be maintained permanently is classified as net assets with donor restrictions for a specific purposes or specified period of time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment policies.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 6. Endowments (Continued)

Investment Return Objectives, Risk Parameters and Strategies
The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also preserving the fair value of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes money market funds, mutual equity and bond funds and alternatives intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions in accordance with the Foundation's Investment and Allocation Policy of up to 4.5% of the audited June 30 trailing three year moving market value average of net assets with donor restrictions to be maintained permanently. By this practice, the Foundation expects its endowment assets, over time, to produce an average rate of return in excess of 6% which allows for transfers of endowed net assets in accordance with both the spending policy and foundation support fee policy, while maintaining growth within the endowment. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy
The Foundation has a policy of appropriating for distribution, on an annual basis and subject to Board approval, up to 4.5% of the audited June 30 trailing three-year moving average balances of the net assets with donor restrictions that are to be maintained permanently. This is in addition to the Foundation support fee described in Note 1. The Foundation charges a foundation support fee to offset the costs of operating the Foundation. In establishing these policies, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment to grow over the long-term. This is consistent with the Foundation's objective to preserve the fair value of the endowment assets as well as to provide additional real growth through new gifts and investment return. All withdrawals or transfers to other funds are subject to approval by the Board of Directors.

Underwater Endowments
Due to market performance, the fair value of assets associated with individual donor-restricted endowment funds may, from time to time, fall below a balance required by a) the Foundation's interpretations of UPMIFA or b) the fund's respective donor agreement or originating gifting document. The Foundation's Board reviews endowment earnings and spending at least twice annually, as part of the annual budget review and at the year-end financial statement review. During these periods, the Foundation's Board identifies affected funds and makes spending adjustments if required. Taking donor intentions into account, the Board, along with management support, has made it a practice of decreasing or eliminating spending from underwater funds on a case by case basis.

As of June 30, 2022, seventeen donor-restricted endowment funds had aggregated original gift values totaling $1,041,370, current fair values totaling $978,598, and deficiencies totaling $62,772 (total deficiencies were -$0- at June 30, 2021). These deficiencies resulted from unfavorable market fluctuations that occurred during the past twelve months. At all times, spending was in accordance with the Foundation’s spending policy.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 6. Endowments (Continued)

Changes in endowment net assets as of June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 375,261	$ 50,204,930	$ 50,580,191
Investment return:			
Administrative fee	450,764	(450,764)	-
Investment income, net	27,901	1,758,541	1,786,442
Net depreciation (realized and unrealized)	(137,505)	(8,666,605)	(8,804,110)
Total investment return - endowed	341,160	(7,358,828)	(7,017,668)
Contributions	804,142	911,254	1,715,396
Special events	-	31,026	31,026
Net asset transfers	-	-	-
Appropriation of endowment assets for expenditure	(450,764)	(1,247,401)	(1,698,165)
Endowment net assets, end of year	$ 1,069,799	$ 42,540,981	$ 43,610,780

Changes in endowment net assets as of June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 28,291	$ 40,777,174	$ 40,805,465
Investment return:			
Administrative fee	427,091	(427,091)	-
Investment income, net	7,645	1,296,558	1,304,203
Net appreciation (realized and unrealized)	53,698	9,106,017	9,159,715
Total investment return - endowed	488,434	9,975,484	10,463,918
Contributions	151,822	346,863	498,685
Special events	-	16,364	16,364
Net asset transfers	133,804	174,801	308,605
Appropriation of endowment assets for expenditure	(427,090)	(1,085,756)	(1,512,846)
Endowment net assets, end of year	$ 375,261	$ 50,204,930	$ 50,580,191

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 7. Related Party

As described in Note 1, the Foundation is affiliated with, but separate from, the College.

During the years ended June 30, 2022 and 2021, the Foundation provided scholarships and support to the College of $2,074,605 and $2,105,543, respectively.

At June 30, 2022 and 2021, amounts due to the College and included within "accounts, support and grants payable" totaled $244,171 and $142,740, respectively.

During the years ended June 30, 2022 and 2021, the Foundation made contributions of $150,000 and $150,000, respectively, to Citizens for LCCC, and are included in support for the College. Citizens for LCCC is a non-profit political action committee organized to enhance public support for the College. These contributions fall within the mission of the Foundation as Citizens for LCCC supports the growth of the College through support for tax levies benefiting the College.

At June 30, 2022 and 2021, amounts due from a related party totaled $-0- and $1,557, respectively.

Note 8. Concentrations

The Foundation maintains cash balances at a bank. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. These limits are subject to change by the FDIC. The Foundation's cash balances may exceed this amount from time to time.

At June 30, 2022 and 2021, one donor's promise to give represented approximately 27% and 25%, respectively, of the outstanding unconditional promises to give.

Note 9. Innovation Fund Program

The purpose of the Innovation Fund program is to foster entrepreneurship and jobs growth by providing multi-year conditional awards to start-up businesses that create or enhance technology. The Foundation's objective in providing these awards is programmatic and not the return of principal.

The Innovation Fund program bestows awards in two categories, Type A awards and Type B awards. Type A awards are up to $25,000 and contain no right of replenishment. Type B awards are greater than $25,000 and up to $100,000 and contain a right of replenishment. Innovation Fund awards are expensed when all conditions of the award are fulfilled.

Awards Payable

During the years ended June 30, 2022 and 2021, the Foundation made Innovation Fund award payments of $-0- and $50,000, respectively, to entities selected by the Innovation Fund Committee. At June 30, 2022 and 2021, the Foundation had additional unpaid awards of $-0- and $10,000, respectively, which were considered conditional and, therefore, not included within accounts payable.

Through the life of the Innovation Fund program, the Foundation has made award commitments of $12,762,500 of which $1,127,105 has been forfeited to date. The net remaining award commitment is $-0-.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 9. Innovation Fund Program (Continued)

Innovation Fund Award Replenishment
The Foundation holds a right of replenishment over all Type B funds awarded.

It is the policy of the Foundation to fully reserve against the possibility of replenishment at the time of the award based on insufficient financial information regarding the future collectability of these awards, creating a net $-0- effect to receivables. If the right of replenishment is exercised for an award, the receivable will be recorded at the time the Foundation determines an entity is financially viable for repayment of its Innovation Fund award.

The Foundation made 101 Type B Innovation Fund awards since inception of the program. Of these 101 Type B Innovation Fund awards, the Foundation holds the right of replenishment on 49 awards expiring in:

Years Ending June 30,	
2023	$ 3,354,896
2024	300,000
2025	137,500
2026	65,000
2027	12,500
	$ 3,869,896

The Foundation has not recorded an estimate of funds receivable from award replenishment because the amount cannot be reasonably estimated. As such, the Foundation's ability to realize these amounts is based on the financial success of the recipients. During the years ended June 30, 2022 and 2021, the Foundation received $358,304 and $308,834, respectively, of Innovation Fund replenishment income.

During the year ended June 30, 2013, the Foundation accepted an offer from Segmint, Inc. to take an equity position in an Innovation Fund award recipient company in lieu of its $100,000 replenishment right. The Foundation accepted the offer and received 60,000 shares of restricted common stock.

In 2022, Segmint Inc. was acquired in a public sale and the Foundation realized $304,800 from the sale of its 60,000 shares.

During the year ended June 30, 2016, the Foundation accepted an offer from Vadxx Energy LLC to take an equity position in an Innovation Fund award recipient company in lieu of its $33,334 replenishment right. The Foundation accepted the offer and received 11.12 shares of restricted stock. In 2021, members of Vadxx Energy LLC voted to sell the assets of the company and the Foundation received $34,446 as a distribution from the sale.

NOTE 20 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION, INC. (Continued)

Note 10. Liquidity

Within the spending parameters of the annual Board approved budget, the Foundation has created a cash reserve within its investments pool that is equal to the estimated annual spending of the Foundation's budget. Spending is reviewed quarterly and the Board approves liquidations of investments as necessary and in keeping with Foundation spending policies.

Liquid financial assets available for general expenditure within one year as of June 30:

	2022	2021
Cash and cash equivalents	$ 2,817,484	$ 2,117,341
Investments	52,013,071	60,300,432
Amount of unconditional promises to give, net due within one year excluding amounts dedicated to donor-restricted funds to be maintained permanently	391,500	264,939
Related party receivable	-	1,557
Total financial assets	55,222,055	62,684,269
Less funds not available for general expenditure within one year:		
Net assets with restrictions to be maintained permanently as endowments	(41,357,193)	(49,300,163)
Financial assets available within one year for general expenditure	$ 13,864,862	$ 13,384,106

Note 11. COVID-19 Global Pandemic

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 (COVID-19) a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March, 2020. The pandemic has adversely affected domestic and global economic activity and the full impact continues to evolve as the date of this report.

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LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Proportionate Share of the Net Pension Liability (Asset)
Ohio Public Employees Retirement System (OPERS)

Last Nine Years (1)

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.149650%	0.141470%	0.149537%	0.151244%	0.152558%	0.148955%	0.146821%	0.145163%	0.145163%
College's Proportionate Share of the Net Pension Liability	$ 13,020,155	$ 20,948,627	$ 29,557,002	$ 41,422,665	$ 23,933,394	$ 33,825,147	$ 25,431,247	$ 17,508,280	$ 17,112,826
College's Covered Payroll	$ 22,420,745	$ 20,687,326	$ 21,769,147	$ 20,428,200	$ 20,160,762	$ 19,255,483	$ 18,273,283	$ 17,797,083	$ 17,111,308
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	58.07%	101.26%	135.77%	202.77%	118.71%	175.67%	139.17%	98.38%	100.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Asset	0.140734%	0.107113%	0.090997%	0.089298%	0.083699%	0.102236%	0.112970%	0.128382%	0.128382%
College's Proportionate Share of the Net Pension Asset	$ (554,499)	$ (309,196)	$ (189,750)	$ (99,854)	$ (113,941)	$ (56,901)	$ (54,973)	$ (49,430)	$ (49,430)
College's Covered Payroll	$ 641,600	$ 427,050	$ 405,079	$ 381,921	$ 342,785	$ 397,958	$ 411,102	$ 469,284	$ 469,284
College's Proportion of the Net Pension Asset as a Percentage of its Covered Payroll	(86.42%)	(65.50%)	(46.84%)	(26.15%)	(33.24%)	(14.30%)	(13.37%)	(10.53%)	(10.53%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	114.83%

(1) Information prior to 2014 is not available.

Note: The College's proportionate share of OPERS Net Pension Liability (Asset) is based on December 31 measurement date of the prior year.

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio (STRS)

Last Nine Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.173986%	0.182228%	0.181731%	0.190716%	0.188070%	0.194585%	0.201663%	0.203107%	0.203107%
College's Proportionate Share of the Net Pension Liability	$ 22,245,665	$ 44,092,775	$ 40,188,657	$ 41,934,268	$ 44,676,344	$ 65,133,435	$ 55,733,658	$ 49,402,593	$ 58,848,046
College's Covered Payroll	$ 21,539,898	$ 22,032,251	$ 21,428,961	$ 21,717,839	$ 20,773,615	$ 20,578,194	$ 21,134,244	$ 22,441,815	$ 23,486,891
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	103.28%	200.13%	187.54%	193.09%	215.06%	316.52%	263.71%	220.14%	250.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the College's measurement date for the prior year STRS plan which has a fiscal year end of June 30.

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Contributions - Pension
Ohio Public Employees Retirement System (OPERS)
Last Ten Fiscal Years

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 3,050,196	$ 2,706,208	$ 2,990,050	$ 2,888,698	$ 2,538,896	$ 2,361,613	$ 2,290,207	$ 2,106,451	$ 2,224,470	$ 2,007,232
Contributions in Relation to Contractually Required Contributions	(3,050,196)	(2,706,208)	(2,990,050)	(2,888,698)	(2,538,896)	(2,361,613)	(2,290,207)	(2,106,451)	(2,224,470)	(2,007,232)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 22,491,408	$ 22,069,376	$ 22,097,936	$ 20,633,554	$ 18,806,637	$ 18,892,904	$ 19,085,058	$ 17,553,758	$ 17,795,760	$ 17,454,196
Contribution as a Percentage of Covered Payroll	13.56%	13.48%	13.53%	14.00%	13.50%	12.50%	12.00%	12.00%	12.50%	11.50%

Combined Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 98,478	$ 70,709	$ 58,452	$ 55,421	$ 49,016	$ 46,159	$ 48,544	$ 52,823	$ 58,660	$ 53,968
Contributions in Relation to Contractually Required Contributions	(98,478)	(70,709)	(58,452)	(55,421)	(49,016)	(46,159)	(48,544)	(52,823)	(58,660)	(53,968)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 703,414	$ 505,064	$ 417,514	$ 395,863	$ 363,078	$ 369,268	$ 404,529	$ 440,192	$ 469,283	$ 469,283
Contribution as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%	12.50%	12.00%	12.00%	12.50%	11.50%

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Contributions - Pensions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 3,131,953	$ 3,005,817	$ 3,075,096	$ 2,990,823	$ 3,031,266	$ 2,899,165	$ 2,871,806	$ 2,949,653	$ 2,909,257	$ 3,041,543
Contributions in Relation to Contractually Required Contributions	(3,131,953)	(3,005,817)	(3,075,096)	(2,990,823)	(3,031,266)	(2,899,165)	(2,871,806)	(2,949,653)	(2,909,257)	(3,041,543)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 22,437,611	$ 21,539,898	$ 22,032,251	$ 21,428,961	$ 21,717,839	$ 20,773,615	$ 20,578,194	$ 21,134,244	$ 22,441,815	$ 23,486,891
Contribution as a Percentage of Covered Payroll	13.96%	13.95%	13.96%	13.96%	13.96%	13.96%	13.96%	13.96%	12.96%	12.95%

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System (OPERS)
Last Six Years (1)

	2022	2021	2020	2019	2018	2017
College's Proportion of the Net OPEB Asset/Liability	0.150351%	0.141224%	0.148527%	0.150933%	0.153610%	0.152958%
College's Proportionate Share of the Net OPEB (Asset) Liability	$ (4,709,224)	$ (2,516,018)	$ 20,515,436	$ 19,678,098	$ 16,680,913	$ 15,449,312
College's Covered Payroll	$ 24,150,037	$ 22,097,290	$ 23,179,607	$ 21,892,371	$ 21,994,305	$ 21,373,862
College's Proportion of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(19.50%)	(11.39%)	88.51%	89.89%	75.84%	72.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset/Liability	128.23%	115.57%	47.80%	46.33%	54.14%	49.90%

(1) Information prior to 2017 is not available.

The College's proportionate share of OPERS Net OPEB liability (asset) is based on December 31 measurement date of the prior year.

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio (STRS)
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
College's Proportion of the Net OPEB Asset/Liability	0.173986%	0.182228%	0.181731%	0.190716%	0.188070%	0.194585%
College's Proportionate Share of the Net OPEB (Asset) Liability	$ (3,668,351)	$ (3,202,660)	$ (3,009,896)	$ (3,064,617)	$ 7,337,784	$ 10,406,452
College's Covered Payroll	$ 21,539,898	$ 22,032,251	$ 21,428,961	$ 21,717,839	$ 20,773,615	$ 20,578,194
College's Proportion of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(17.03%)	(14.54%)	(14.05%)	(14.11%)	35.32%	50.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset/Liability	174.70%	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the College's measurement date for the prior year STRS plan which has a fiscal year end of June 30.

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Contributions - OPEB
Ohio Public Employees Retirement System (OPERS)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 44,265	$ 37,703	$ 44,306	$ 41,375	$ 109,972	$ 320,608	$ 413,808	$ 390,412	$ 302,871	$ 195,513
Contributions in Relation to Contractually Required Contributions	(44,265)	(37,703)	(44,306)	(41,375)	(109,972)	(320,608)	(413,808)	(390,412)	(302,871)	(195,513)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 23,696,518	$ 21,082,667	$ 23,264,031	$ 21,723,350	$ 21,994,305	$ 21,373,862	$ 20,690,375	$ 19,520,584	$ 20,191,406	$ 21,484,985
OPEB Contribution as a Percentage of Covered Payroll	0.19%	0.18%	0.19%	0.19%	0.50%	1.50%	2.00%	2.00%	1.50%	0.91%

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE

Required Supplementary Information

June 30, 2022

Schedule of the College's Contributions - OPEB
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 224,418	$ 234,869
Contributions in Relation to Contractually Required Contributions	-	-	-	-	-	-	-	-	(224,418)	(234,869)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$22,437,611	$21,539,898	$22,032,251	$21,428,961	$21,717,839	$20,773,615	$20,578,194	$21,134,244	$22,441,815	$23,486,891
OPEB Contribution as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	1.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 – NET PENSION LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported for fiscal year 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior fiscal years are presented below for the measurement periods indicated.

Key Methods and Assumptions in Valuing Total Pension Liability – 2021 Measurement

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2020	5 year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% inflation	2.75% to 10.75%	2.75% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3% Simple	3% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2022 then 2.05% Simple	3.00% Simple through 2022 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2020 Measurement

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	7.20%	7.20%
Wage inflation	3.25%	3.25%
Projected salary increases, including 3.25% inflation	3.25% to 10.75%	3.25% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3% Simple	3% Simple
Post-Jan 7, 2013 retirees	0.5% Simple through 2021 then 2.15% Simple	0.5% Simple through 2021 then 2.15% Simple

NOTE 1 – NET PENSION LIABILITY (ASSET) (Continued)

Changes in Assumptions – OPERS (Continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2019 measurement

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	7.20%	7.20%
Wage inflation	3.25%	3.25%
Projected salary increases, including 3.25% inflation	3.25% to 10.75%	3.25% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3% Simple	3% Simple
Post-Jan 7, 2013 retirees	1.40% Simple through 2020 then 2.15% Simple	1.40% Simple through 2020 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2018 measurement

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	7.20%	7.20%
Wage inflation	3.25%	3.25%
Projected salary increases, including 3.25% inflation	3.25% to 10.75%	3.25% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3% Simple	3% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.15% Simple

NOTE 1 – NET PENSION LIABILITY (ASSET) (Continued)

Changes in Assumptions – OPERS (Continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2017 and 2016 measurements

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Wage inflation	3.25%	3.25%
Projected salary increases, including 3.25% inflation	3.25% to 10.75%	3.25% to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3% Simple	3% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2015 and prior measurement

Actuarial Information	Traditional Plan	Combined Plan
Experience study	5 year period ended December 31, 2010	5 year period ended December 31, 2010
Actuarial cost method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Wage inflation	3.75%	3.75%
Projected salary increases, including 3.75% inflation	4.25% to 10.05%	4.25% to 8.05%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.80% Simple	3.00% Simple through 2018 then 2.80% Simple

NOTE 1 – NET PENSION LIABILITY (ASSET) (Continued)

Changes in Assumptions – OPERS (Continued)

Mortality rates – For amounts reported beginning in 2022 for the 2021 measurement use pre-retirement mortality rates based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy 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 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

NOTE 1 – NET PENSION LIABILITY (ASSET) (Continued)

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior fiscal years are presented below:

Actuarial Information	Fiscal Year 2022	
Inflation	2.50%	
Discount Rate	7.00%	
Projected salary increase	12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses including inflation	
Payroll increases	3.00%	
Cost of Living Adjustments (COLA)	0.00%	
	Fiscal Years 2018-2021	**Fiscal Years 2017 and Prior**
Inflation	2.50%	2.75%
Discount Rate	7.45%	7.75%
Projected salary increase	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.45%, net of investment expenses including inflation	7.75%, net of investment expenses including inflation
Payroll increases	3.00%	3.50%
Cost of Living Adjustments (COLA)	0.0% effective July 1, 2017	2.0% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2% COLA commences on fifth anniversary of retirement date.

NOTE 1 – NET PENSION LIABILITY (ASSET) (Continued)

Changes in Assumptions – STRS (Continued)

Beginning in fiscal year 2019 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014. Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuations, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – OPERS

For fiscal year 2022, the municipal bond rate decreased from 2.00% to 1.84% and wage inflation decreased from 3.25% to 2.75%. The health care cost trend rate decreased from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034.

For fiscal year 2021, the municipal bond rate decreased from 2.75% to 2.00% and the single discount rate increased from 3.13% to 6.00%. The health care cost trend rate decreased from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For fiscal year 2020, the municipal bond rate decreased from 3.71% to 2.75% and the single discount rate decreased from 3.96% to 3.13%. The health care cost trend rate also increased from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

For fiscal year 2019, the OPERS Board of Trustees voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6.0%. Municipal bond rate increased from 3.31% to 3.71% and the single discount rate increased from 3.85% to 3.96%. The health care cost trend rate also increased from 7.50% initial, 3.25% unlimited in 2028 to 10.00% initial, 3.25% ultimate in 2029.

NOTE 2 – NET OPEB LIABILITY (ASSET) (Continued)

Changes in Assumptions – STRS

For fiscal year 2022 the discount rate was decreased from 7.45% to 7.00%. Changes to healthcare cost trends for medical and prescription drug were adjusted for Medicare.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also for fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB),* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in Benefit Term Changes – STRS

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in 2022. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

There was no change to the claims costs process. Claim curves were updated to reflect the projected June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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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
Lorain County Community College
Elyria, 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Lorain County Community College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 3, 2023, wherein we noted the College adopted the provisions of GASB Statement No. 87.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 3, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Lorain County Community College
Elyria, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lorain County Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 3, 2023

Lorain County Community College
Lorain County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass Through Grantor/ Program Title	Agency or Pass Through Entity Number	Assistance Listing Number	Passed Through to Subrecipients	Expenditures
Research and Development Cluster:				
United States Department of Defense				
Direct from the Federal Agency				
Office of Naval Research				
Basic and Applied Scientific Research (BASR):				
Ohio Manufacturing Talent Expansion for the Defense Industrial Supply Chain	N00014-20-1-2703	12.300	$ -	$ 391,289
Basic and Applied Scientific Research (BASR) - to subrecipients				
Sub-Award BASR - Cincinnati State Technical Community College		12.300	152,861	152,861
Sub-Award BASR - Columbus State Community College		12.300	7,783	7,783
Sub-Award BASR - Sinclair		12.300	178,208	178,208
Sub-Award BASR - Stark State College		12.300	162,341	162,341
Sub-Award BASR - Cuyahoga Community College		12.300	144,430	144,430
Sub-Award BASR - Flexfactor Learning Programs		12.300	480,000	480,000
Total Basic and Applied Scientific Research			1,125,623	1,516,912
Air Force Research Laboratory				
Research and Technology Development:				
Assured Digital Microelectronics Education & Training Ecosystem	FA8650-20-2-1136	12.910	-	458,847
Passed through State of Ohio, Development Services Agency				
Community Investment:				
Ohio Manufacturing Extension Program	OEA-20-F-0004	12.600	-	39,266
Passed through ARCTOS Technology Solutions, LLC				
Air Force Defense Research Sciences Program:				
Regional Fabrication and Certification Training Labs - Automation and Robotics	FA8650-21-F-5579	12.800	-	1,659,571
Total United States Department of Defense			1,125,623	3,674,596
National Science Foundation				
Direct from the Federal Agency				
Engineering Grants		47.041	-	275
Computer and Information Science and Engineering		47.070	-	7,464
STEM Education (formerly Education and Human Resources)		47.076	205,810	625,187
Total National Science Foundation			205,810	632,926
Total Research and Development Cluster			1,331,433	4,307,522
United States Department of Education				
Direct from the Federal Agency				
Student Financial Assistance Cluster:				
Federal Work-Study Program	P033A	84.033	-	128,836
Federal Work-Study Program - Experimental Sites Initiative	P033A	84.033	-	47,650
Federal Pell Grant Program	P063P	84.063	-	10,299,412
Federal Supplemental Educational Opportunity Grants	P007A	84.007	-	449,221
Federal Direct Student Loans	P0268K	84.268	-	4,541,918
Total Student Financial Assistance Cluster			-	15,467,037
Education Stabilization Fund				
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion		84.425F	-	7,029,530
COVID-19 - HEERF Strengthening Institutions Program (SIP)		84.425M	-	847,419
COVID-19 - HEERF Student Aid Portion		84.425E	-	10,836,513
COVID-19 - Lorain County Community College Sustain To Succeed (IREPO)		84.425P	-	783,829
Passed through Ohio Department of Higher Education				
COVID-19 - Governor's Emergency Education Relief (GEER) Fund - Mental Health		84.425C	-	95,509
COVID-19 - Governor's Emergency Education Relief (GEER) Fund - Co-Requisite Remediation Support		84.425C	-	502,867
Total Education Stabilization Fund			-	20,095,667
Direct from the Federal Agency				
Higher Education Institutional Aid		84.031	-	413,371
Career and Technical Education - National Programs		84.051F	-	158,363
Passed Through the Ohio Department of Education				
Career Technical Education - Basic Grants to States	CDP-P	84.048	-	384,679
Child Care Access Means Parents in School		84.335A	-	50,834
Total United States Department of Education			-	36,569,951

(continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Lorain County Community College
Lorain County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Agency or Pass Through Entity Number	Assistance Listing Number	Passed Through to Subrecipients	Expenditures
United States Department of Justice				
Direct from the Federal Agency				
Second Chance Act Reentry Initiative:				
Lorain County CAREERRS Program	2020-RQ-BX-0005	16.812	-	113,174
Second Chance Act Reentry Initiative - to subrecipients				
Sub-Award Second Chance Act Reentry Initiative - Place 2 Recover		16.812	52,640	52,640
Sub-Award Second Chance Act Reentry Initiative - Evaluation New Growth		16.812	11,250	11,250
Sub-Award Second Chance Act Reentry Initiative - Goodwill Industries		16.812	54,500	54,500
Total United States Department of Justice			118,390	231,564
United States Department of Labor				
Direct from the Federal Agency				
H-1B Job Training Grants - LCCC	HG-33034-19-60-A-39	17.268	$ -	$ 922,660
H-1B Job Training Grants - to subrecipients				
Sub-Award H-1B Job Training Grants - Ohio Manufactures Association		17.268	538,767	538,767
Sub-Award H-1B Job Training Grants - Northwest State Community College		17.268	254,362	254,362
Sub-Award H-1B Job Training Grants - Rhodes State College		17.268	165,349	165,349
Sub-Award H-1B Job Training Grants - Dayton Region		17.268	95,262	95,262
Sub-Award H-1B Job Training Grants - Tech Solve		17.268	92,346	92,346
Sub-Award H-1B Job Training Grants - Columbus State Community College		17.268	106,804	106,804
Sub-Award H-1B Job Training Grants - BB2C		17.268	46,456	46,456
Sub-Award H-1B Job Training Grants - Magnet		17.268	217,362	217,362
Sub-Award H-1B Job Training Grants - Shawnee		17.268	39,350	39,350
Sub-Award H-1B Job Training Grants - Conxus NEO		17.268	128,896	128,896
Sub-Award H-1B Job Training Grants - Manufacturing Works Alliance		17.268	207,712	207,712
Sub-Award H-1B Job Training Grants - Mahoning Valley Mfg. Coalition		17.268	94,581	94,581
Sub-Award H-1B Job Training Grants - Magnet		17.268	82,198	82,198
Total H-1B Job Training Grants			2,069,445	2,992,105
Job Corps Experimental Projects and Technical Assistance	FAIN JC-34674-20-60-O-39	17.287	-	400,368
Passed through the Ohio Department of Job & Family Services				
COVID-19 - Unemployment Insurance		17.225	-	4,577
Total United States Department of Labor			2,069,445	3,397,050
United States Small Business Administration				
Passed through Ohio Department of Communications Development				
Small Business Development Centers	SBAHQ-13-B-0011	59.037	-	433,511
Total United States Small Business Administration			-	433,511
United States Department of Agriculture				
Direct from the Federal Agency				
Distance Learning and Telemedicine Loans and Grants	Ohio 708-C16	10.855	-	144,361
SNAP Cluster:				
Passed through The Ohio Association of Foodbanks and Second Harvest				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561	-	6,382
Total SNAP Cluster			-	6,382
Total United States Department of Agriculture			-	150,743
United States Department of Health and Human Services				
Passed through Ohio Department of Jobs and Family Services				
CCDF Cluster				
COVID-19 - Child Care and Development Block Grant		93.575	-	22,758
Total CCDF Cluster			-	22,758
Total United States Department of Health and Human Services			-	22,758
United States Department of the Treasury				
Passed through Ohio Department of Jobs and Family Services				
COVID-19 - Coronavirus Relief Fund - Mental Health		21.019	-	38,020
Passed through Cares Prevention Alliance				
COVID-19 - Coronavirus Relief Fund - Ohio College Initiative	5CV1-2021	21.019	-	15,943
Passed through Lorain County Food Bank				
COVID-19 - Coronavirus Relief Fund - Lorain County Food Bank		21.019	-	3,683
Total United States Department of the Treasury			-	57,646
National Endowment for the Humanities				
Passed through Teagle Foundation				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	AH-274009-20	45.162	-	7,819
Total National Endowment for the Humanities			-	7,819
Total Expenditures of Federal Awards			$ 3,519,268	$ 45,178,564

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Lorain County Community College

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis. Amounts presented are total federal expenditures for each program.

Note 2: Indirect Cost Rate

The College has not elected to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance. As noted in the H1-B Job Training Grants agreement, the College was approved to use, and did use, an indirect cost rate of 37.5% relating to this grant, HEERF funds, and other grants where allowable.

Note 3: Federal Direct Student Loans

During the fiscal year ended June 30, 2022, the College processed new loans under the Federal Direct Student Loan Program. The amount shown in the accompanying Schedule of Expenditures of Federal Awards reflects the fiscal year amount certified by the College.

Note 4: Subrecipients

The College passes certain federal awards received from the United States Department of Labor, the National Science Foundation and the United States Department of Defense to other governments or not-for-profit agencies (subrecipients). As Note 1 describes, the College reports expenditures of federal awards to subrecipients on the accrual basis.

As a pass-through entity, the College has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

COVID-19 – Education Stabilization Fund
ALN 84.425C – Governor's Emergency Education Relief Fund
ALN 84.425E – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
ALN 84.425F – HEERF Institutional Portion
ALN 84.425M – HEERF Strengthening Institutions Program (SIP)
ALN 84.425P – HEERF Institutional Resilience and Expanded Postsecondary Opportunity (IREPO) Program

Research And Development Cluster
ALN 12.300 – Basic and Applied Scientific Research
ALN 12.600 – Community Investment
ALN 12.800 – Air Force Defense Research Sciences Program
ALN 12.910 – Research and Technology Development
ALN 47.041 – Engineering Grants
ALN 47.070 – Computer and Information Science and Engineering
ALN 47.076 – STEM Grant

Dollar threshold to distinguish between Type A and Type B programs:	$1,355,357
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Lorain County Community College

Summary Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended June 30, 2022

No prior year findings or questioned costs.

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OHIO AUDITOR OF STATE
KEITH FABER

LORAIN COUNTY COMMUNITY COLLEGE

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/31/2023