CLARK STATE COMMUNITY COLLEGE

Financial Statements

June 30, 2019 and 2018

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Clark State Community College
570 E. Leffel Lane
Springfield, Ohio 45501

We have reviewed the *Independent Auditors' Report* of the Clark State Community College, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2018 through June 30, 2019. 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 Clark State Community College is responsible for compliance with these laws and regulations.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Clark State Community College
Springfield, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Clark State Community College (the "College"), a component unit of the State of Ohio, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the College, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming 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*, and the schedules of the Board of Trustees and Administrative Personnel, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 auditing standards generally accepted in the United States of America. 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.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019 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 the College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 15, 2019

This section of the Clark State Community College ("College") annual financial report presents an overview of its financial condition and assists readers in focusing on significant financial issues of the College for the fiscal year ended June 30, 2019.

This discussion has been prepared by management and should be read in conjunction with and is qualified in its entirety by the accompanying financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change, and current known facts. The financial statements, footnotes, and this discussion are the responsibility of management.

USING THE ANNUAL FINANCIAL REPORT

This annual financial report includes three financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and subsequent statements. The Clark State Community College Foundation (the Foundation) has been determined to be a component unit of the College. Accordingly, the Foundation is discretely presented in the College's financial statements. The Foundation is excluded from Management's Discussion and Analysis. Complete financial statements for the Foundation can be obtained from the Controller at the College.

One of the most important questions asked about the College's finances is whether the College, as a whole, is better off or worse off as a result of the year's activities. The three financial statements should assist readers of the annual report in answering this question. These statements present financial information in a form similar to that used by the private sector.

The College's net position is one indicator of its financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The College's (as well as all other public colleges) dependency on State aid, grants and gifts will result in operating deficits because the financial reporting model classifies State appropriations, Pell grants and gifts as non-operating revenues. The utilization of long-lived assets referred to as Capital Assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

FINANCIAL AND OTHER COLLEGE HIGHLIGHTS

- Net position invested in capital assets (net of related debt) increased by $4,022,000 (11.5%) due to increased activity in capitalized items. In 2019, Phase I of the Rhodes Hall renovation project was completed and Phase II began. There were also several safety and security upgrades as well as renovations at the Performing Arts Center.

- Unrestricted net position (exclusive of pension adjustments) increased by $36,000 (0.3%) as a result of a surplus from operations in the Educational and General Fund which was offset by a decrease in Auxiliary Enterprise Funds and Reserve spending. Unrestricted net position (including pension adjustments) increased by $2.9 million (11.9%).

- Student tuition and fees revenue (net of scholarship allowances) increased by $438,000 (5.0%). Gross tuition and fees revenue increased by $374,000 (2.6%). Scholarship allowances were down by $64,000 (1.2%). These increases were a result of an increase in student fees in 2019, although the College experienced a drop in enrollment.

- Net accounts receivable decreased by $1.0 million (17.48%). Student receivables net of allowance for doubtful accounts decreased $62,000. College Credit Plus (CCP) receivables increased by $53,000; The decrease in accounts receivable is mainly due to a decrease in State receivables for capital projects at year end and a decrease in restricted receivables for Pell.

- Nongovernmental grants and contracts increased by $93,000 (56.3%). Federal grants and contracts decreased by $319,000 (19.6%). Total state and local grants and contracts increased by $156,000 (41.6%). There were some notable changes to grants and contracts this year. Our last full year of our multi-million-dollar grant, TAACCCT occurred in 2018. Workforce was awarded another full year for one of their grants and picked up a few others. There was also an increase to our private arts and youth grants.

- Auxiliary enterprises revenue, in total, increased by $61,000 (6.5%). Bookstore revenues (net of scholarship allowances) decreased $48,000 (19.4%) with gross revenue down $58,000 (15.5%). The College continues to partner with eCampus to provide books to students, offering a wider range of available options and savings to students. Parking revenues decreased $1,000 (2.4%). Commercial Transportation Training Center revenues increased $111,000 (17.5%) due to an increase in enrollment.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Net position is simply the difference between the total assets and deferred outflows of resources, less the total liabilities and deferred inflows of resources. The change in net position during the fiscal year is an indicator of the change in the overall financial condition of the College during the year.

A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
	(all dollar amounts in thousands)		
Current assets	$ 18,693	$ 19,377	$ 18,647
Noncurrent assets	52,424	48,576	48,050
Total assets	71,117	67,953	66,697
Deferred outflows of resources	6,976	8,463	8,600
Current liabilities	4,062	5,191	4,080
Noncurrent liabilities	47,732	53,539	68,650
Total liabilities	51,794	58,730	72,730
Deferred inflows of resources	5,557	3,693	695
Net position			
Net investment in capital assets	38,953	34,931	33,974
Restricted			
Nonexpendable	250	250	250
Expendable	3,085	3,281	3,248
Unrestricted	(21,546)	(24,469)	(35,600)
Total net position	$ 20,742	$ 13,993	$ 1,872

Many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

A review of the summary indicates a relatively strong financial position as of June 30, 2019. Total net position increased $6.7 million primarily due to GASB 68 and GASB 75. Net position increased $4.2 million (exclusive of pension and OPEB adjustments). This is primarily due to construction projects in 2019 for Rhodes Hall.

Net position represents the remaining amount of the College's assets and deferred outflows after deducting liabilities and deferred inflows.

Net investment in capital assets represents the College's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets had a significant increase (11.5%).

Restricted nonexpendable net position represents the College's permanent endowments.

Restricted expendable net position represent funds that are externally restricted to specific purposes such as student financial aid and grants, donations for the operation and maintenance of the Performing Arts Center, and capital component funds.

Unrestricted net position (exclusive of net pensions) are funds that the College has at its disposal to use for whatever purposes the Board determines appropriate. While not subject to external restrictions, the College has designated these funds internally for various academic, student services, student aid, and capital purposes.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSTION

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the College. A summary of the College's revenues, expenses and changes in net position for the years ended June 30, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
	(all dollar amounts in thousands)		
Operating revenues			
Student tuition and fees, net	$ 9,117	$ 8,679	$ 9,522
Grants and contracts	2,098	2,166	2,299
Auxiliary enterprises	1,005	944	1,007
Other	1,287	1,285	1,171
Total	13,507	13,074	13,999
Operating expenses	35,267	25,652	38,145
Operating loss	(21,760)	(12,578)	(24,146)
Nonoperating revenues (expenses)			
State appropriations	14,952	14,417	13,422
Federal grants	8,535	8,895	9,211
Investment income	295	179	95
Other	264	(281)	(717)
Interest expense	(432)	(436)	(471)
Capital appropriations	4,568	1,747	1,049
Capital grants	327	177	297
Total	28,509	24,698	22,886
Increase (decrease) in net position	6,749	12,120	(1,260)

For fiscal year 2018, the College adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). Information necessary to restate 2017 activity for implementation of GASB 75 was not available (OPEB expense) and therefore 2017 amounts were not fully revised due to GASB 75 implementation.

The College relies primarily on state appropriations and student tuition and fees to fund its ongoing programs and operations. Although classified by GASB 35 as a non-operating revenue source, state appropriations over the years have been the largest single source of revenue for the College up until fiscal year 2004. The amount received each year is no longer a function of student enrollment. Funding is based on student success measures – course completion, success points and completion metrics. FTE Enrollment decreased 4.7% in fiscal year 2019. Student fees were increased for FY 2019. As the table below demonstrates, the State of Ohio has dramatically shifted the burden for funding the cost of higher education to students and their families. Although in recent years, the trend is reversing due to a combination of tuition restraint and the college's success in the appropriation model based on student success and completion.

State Operating Appropriations per Dollar of Gross Tuition

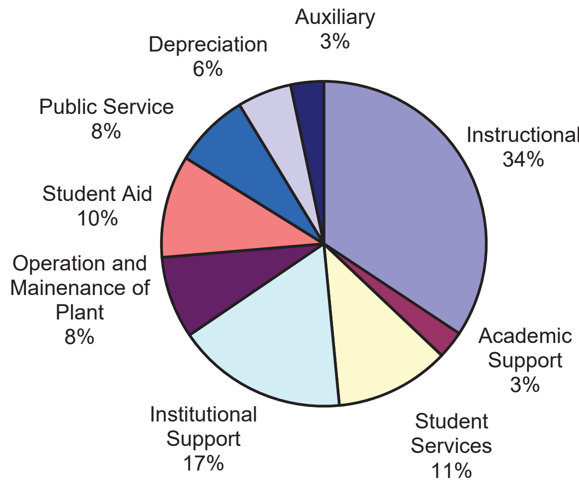
Fiscal Year	Gross Tuition	State Operating Appropriations	Net State Appropriations per Dollar of Gross Tuition
1980	$ 1,144,925	$ 2,160,717	$1.89
1990	2,781,764	4,491,168	1.61
2000	4,964,992	6,069,435	1.22
2010	12,626,366	9,367,573	0.74
2011	14,417,217	9,938,577	0.69
2012	15,137,415	9,404,245	0.62
2013	16,680,297	10,137,875	0.61
2014	15,693,399	10,819,671	0.69
2015	16,636,325	11,164,635	0.67
2016	14,640,107	11,987,351	0.82
2017	15,169,101	13,164,123	0.87
2018	14,124,922	13,804,624	0.98
2019	14,498,916	14,631,745	1.01

In FY 1980, the State contributed $1.89 to Clark State for every dollar of gross tuition. As of 2019, that figure has dropped to $1.01. In FY 2019, state appropriations exceed gross tuition by approximately $133,000.

The increase in state support helps offset the tuition rate. It is a continual challenge to generate sufficient funds to attract qualified staff and faculty, maintain state-of-the art facilities, implement student retention/ academic support services, address deferred maintenance, develop new academic programs to meet the workforce, and provide the latest technology and equipment to be able to furnish our students with a quality learning experience at an affordable cost. It is imperative to adequately fund these initiatives in the interest of student success.

Total state appropriations increased 6.0% in FY 2019. Net student tuition and fees increased 5.0% from $8.7 million in FY 2018 to $9.1 million in FY 2019.

The following is a graphic illustration of expenses by function for the year ended June 30, 2019:



The increase in expenses in FY 2019 was primarily the result of pension and OPEB adjustments. Exclusive of the pension and OPEB adjustments, are the following expense increases and decreases:

- Increases in functional categories of instructional 4.4%, student services 6.7% and institutional support 2.5%, operation and maintenance of plant 0.7%, public service 1.0%, and auxiliary 0.1%. Instruction increased with the addition of personnel. Student services increased as a result of opening the REACH Center in Xenia as well as reorganization of the student support services departments. Institutional Support increased as a result of an increase in Strategic Planning for the startup of an updated strategic plan.

- Decreases in academic support 1.0%, student aid 2.5%, and depreciation 0.1%. These decreases are due to vacancies and decrease in enrollment. Even though our capital improvements increased this year, our largest improvement, renovation to Rhodes Hall, is Construction in Progress which will not be depreciated until the renovations are completed.

The following table shows a comparison of total operating expenses per FTE for FY 2019 and FY 2018. Total operating expenses per FTE student increased by $3,226 during FY 2019.

	2019	2018	Difference	Change
Total operating expenses	$ 35,267,261	$ 25,651,074	$ 9,616,187	37.49%
FTE Enrollment	3,312	3,475	-163	-4.7%
Total operating expenses per FTE	$ 10,648	$ 7,382	$ 3,226	44.25%

STATEMENT OF CASH FLOWS

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year ended June 30, 2019. The following is a summary of the Statement of Cash Flows for the years ended June 30, 2019, 2018 and 2017:

	2019	2018	2017
	(all dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	$ (22,052)	$ (21,743)	$ (20,378)
Noncapital financing activities	23,751	23,030	22,059
Capital and related financing activities	(2,112)	(843)	(491)
Investing activities	583	(62)	(428)
Net change in cash and cash equivalents	170	382	762
Cash and cash equivalents			
Beginning of year	11,630	11,248	10,486
End of year	$ 11,800	$ 11,630	$ 11,248

Cash and cash equivalents increased by 1.5% primarily as a result of an increase in state appropriations.

GASB STATEMENT NO. 68

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the College is required to recognize its proportionate share of the net pension liability to more comprehensively measure the annual costs of pension benefits. For Clark State, the net pension liability reflected on the FY 2019 Statement of Net Position is $29.8 million.

GASB STATEMENT NO. 75

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB),* during fiscal year 2018, the College was required to recognize its OPEB asset/liability to more comprehensively measure the annual costs of its post employment benefits other than pensions. For Clark State, a net OPEB asset of $1.2 million and a net OPEB liability of $6.4 million is reported on the FY 2019 Statement of Net Position.

CAPITAL ASSETS AND DEBT

Capital Assets

The College had $50.7 million invested in capital assets net of accumulated depreciation of $43.1 million at June 30, 2019. Depreciation expense for the years ended June 30, 2019 and 2018 was $1.9 million. A summary of net capital assets for the years ended June 30, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
	(all dollar amounts in thousands)		
Land, leasehold improvements and infrastructure	$ 4,107	$ 4,158	$ 3,975
Building	39,155	40,134	41,105
Furniture and equipment	1,918	2,106	1,852
Library books	99	103	107
Vehicles	90	112	173
Construction in progress	5,345	1,248	-
Total capital assets, net	$ 50,714	$ 47,861	$ 47,212

Capital projects during FY 2019 included upgrades to the Performing Arts Center, additional upgrades to safety and security for the campus and Phase II of renovations to Rhodes Hall. See Note 5 of the financial statements for additional details.

Debt

The College had $11.8 million of bonds and notes payable at June 30, 2019. Interest rates range from 1.5% to 6.17% and mature in 2035 and 2032, respectively. See Note 6 of the financial statements for additional details.

STRATEGIC PLAN

The College embarked on a strategic planning process in Spring 2018. Faculty, staff, students, Trustees, Foundation Directors, business leaders and the community at large were invited to participate in the process.

The new goals that will be implemented over 2018-2023 are:

- Develop and strengthen quality, innovative academic programs
- Increase enrollment, student success, retention, and completion
- Facilitate a culture that recognizes, embraces, and reflects the diversity of the communities we serve
- Cultivate effective communication strategies and collaboration within the college
- Promote collaboration with our diverse communities, businesses and industries

The initiatives that will be the focus for FY20 are:

- Provide instructors with the technology, supplies, and equipment necessary to maintain and develop innovative academic programs.
- Develop and implement an electronic early alert system that includes the ability for faculty to report possible retention issues and for students to create an early alert for themselves.
- Promote a culture where differences are respected and appreciated.
- Leverage technology to increase internal communication and collaboration
- Collaborate with K-12 schools to enhance program awareness of technical program options

Clark State Community College
Statements of Net Position
June 30, 2019 and 2018

Assets	2019	2018
Current assets		
Equity in pooled cash and cash equivalents	$ 11,800,339	11,629,592
Investments	1,301,329	1,400,046
Accounts receivable, net	4,793,916	5,809,295
Prepaid expenses	706,857	449,243
Inventory	78,795	77,712
Employee loans receivable	11,356	10,657
Total current assets	18,692,592	19,376,545
Noncurrent assets		
Investments	487,068	675,982
Capital assets, net	50,714,630	47,860,668
Net OPEB asset	1,187,223	-
Deferred charges	35,046	39,383
Total noncurrent assets	52,423,967	48,576,033
Total assets	71,116,559	67,952,578
Deferred outflows of resources		
OPEB	368,327	291,227
Pension	6,607,535	8,172,219
Total deferred outflows of resources	6,975,862	8,463,446
Liabilities		
Current liabilities		
Accounts payable	1,409,856	2,642,953
Bonds and notes payable, current portion	745,000	730,000
Interest payable	160,505	154,284
Wages payable	1,399,238	1,308,459
Accrued payroll and tax liabilities	23,710	-
Unearned revenue	155,587	193,249
Unclaimed funds	168,138	161,578
Total current liabilities	4,062,034	5,190,523
Noncurrent liabilities		
Bonds and notes payable, less current portion	11,016,840	11,779,693
Deposits held in trust for others	39,481	50,566
Accrued compensated absences	501,152	483,660
Net OPEB liability	6,381,277	9,092,220
Net pension liability	29,792,740	32,133,141
Total noncurrent liabilities	47,731,490	53,539,280
Total liabilities	51,793,524	58,729,803
Deferred inflows of resources		
OPEB	2,722,571	1,337,824
Pension	2,834,395	2,355,213
Total deferred inflows of resources	5,556,966	3,693,037
Net position		
Net investment in capital assets	38,952,790	34,930,969
Restricted		
Nonexpendable	250,000	250,000
Expendable	3,085,291	3,281,018
Unrestricted (deficit)	(21,546,150)	(24,468,803)
Total net position	$ 20,741,931	13,993,184

See accompanying notes to financial statements.

Assets		2019	2018
Cash and cash equivalents	$	427,258	389,873
Investments		21,166,674	19,595,626
Accounts receivable, Clark State Community College		-	13,958
Pledges receivable		960,898	1,343,054
Student loans receivable, net of allowance for doubtful loans of $71,093 in 2019 and $80,256 in 2018		72,996	83,413
Other receivables		5,003	1,270
Prepaid expenses		8,181	20,164
	$	22,641,010	21,447,358
Liabilities and Net assets			
Liabilities			
Accounts payable	$	-	3,830
Accounts payable, Clark State Community College		1,848	-
Wages payable		2,690	4,516
		4,538	8,346
Net assets			
Without donor restrictions		533,772	525,833
With donor restrictions		22,102,700	20,913,179
		22,636,472	21,439,012
	$	22,641,010	21,447,358

See accompanying notes to financial statements.

		2019	2018
Operating revenues			
Student tuition and fees, net of scholarship allowance of $5,381,539 and $5,445,612, respectively	$	9,117,377	8,679,310
Federal grants and contracts		1,306,238	1,624,941
State and local grants and contracts		532,356	376,022
Nongovernmental grants and contracts		258,614	165,429
Auxiliary enterprises			
Bookstore, net of scholarship allowance of of $116,869 and $126,957, respectively		201,292	249,592
Parking		57,070	58,479
Truck driving		746,629	635,570
Other operating revenues		1,287,323	1,284,861
Total operating revenues		13,506,899	13,074,204
Operating expenses			
Educational and general			
Instructional		12,100,693	6,945,274
Academic support		973,920	827,946
Student services		4,018,836	2,130,794
Institutional support		6,004,535	4,600,318
Operation and maintenance of plant		2,879,782	2,480,087
Student aid		3,594,736	3,918,424
Public service		2,630,909	1,939,400
Depreciation expense		1,907,959	1,908,705
Auxiliary enterprises		1,155,891	900,126
Total operating expenses		35,267,261	25,651,074
Operating loss		(21,760,362)	(12,576,870)
Nonoperating revenues (expenses)			
State appropriations		14,951,821	14,416,765
Federal grants revenue		8,535,126	8,894,724
Investment income		295,360	178,660
Other nonoperating items		264,187	(280,957)
Interest expense		(431,934)	(435,675)
Net nonoperating revenues (expenses)		23,614,560	22,773,517
Gain before other revenues, expenses, gains, or losses		1,854,198	10,196,647
Capital appropriations		4,567,553	1,747,093
Capital grants and gifts		326,996	177,167
Total other revenues, expenses, gains, or losses		4,894,549	1,924,260
Change in net position		6,748,747	12,120,907
Net position - beginning of year		13,993,184	1,872,277
Net position - end of year	$	20,741,931	13,993,184

See accompanying notes to financial statements.

		Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues and other support					
Campaign contributions	$	7,052	243,753	250,805	535,594
Foundation contributions		494	224,335	224,829	347,261
Investment return, net		47,943	1,552,616	1,600,559	1,383,706
Miscellaneous		3,909	74,186	78,095	116,882
Net assets released from restrictions		905,369	(905,369)	-	-
Total revenues and other support		964,767	1,189,521	2,154,288	2,383,443
Expenses					
Programs		829,456	-	829,456	834,746
Management and general		122,463	-	122,463	93,537
Fundraising		4,909	-	4,909	4,624
Total expenses		956,828	-	956,828	932,907
Change in net assets		7,939	1,189,521	1,197,460	1,450,536
Net assets at beginning of year		525,833	20,913,179	21,439,012	19,988,476
Net assets at end of year	$	533,772	22,102,700	22,636,472	21,439,012

See accompanying notes to financial statements.

		Without Donor Restrictions	With Donor Restrictions	Total 2018
Revenues and other support				
Campaign contributions	$	4	535,590	535,594
Foundation contributions		14,105	333,156	347,261
Investment return, net		48,419	1,335,287	1,383,706
Miscellaneous		3,036	113,846	116,882
Net assets released from restrictions		942,112	(942,112)	-
Total revenues and other support		1,007,676	1,375,767	2,383,443
Expenses				
Programs		834,746	-	834,746
Management and general		93,537	-	93,537
Fundraising		4,624	-	4,624
Total expenses		932,907	-	932,907
Change in net assets		74,769	1,375,767	1,450,536
Net assets at beginning of year		451,064	19,537,412	19,988,476
Net assets at end of year	$	525,833	20,913,179	21,439,012

See accompanying notes to financial statements.

	2019	2018
Cash flows from operating activities		
Tuition and fees	$ 10,049,017	8,636,176
Grants, gift and contracts	2,143,285	2,386,486
Payments for goods and services	(9,848,769)	(8,585,732)
Payment for utilities	(1,058,346)	(977,513)
Payments to employees	(16,997,988)	(16,643,397)
Payments for benefits	(5,392,559)	(5,235,878)
Payments for scholarships and fellowships	(3,248,540)	(3,560,990)
Collection (payment) of loans to students and employees	(699)	276
Auxiliary enterprise charges		
Bookstore	201,292	249,592
Parking	57,070	58,479
Truck driving	746,629	635,570
Other receipts	1,298,220	1,293,531
Net cash from operating activities	(22,051,388)	(21,743,400)
Cash flows from noncapital financing activities		
State appropriations	14,951,821	14,416,765
Federal grants revenue	8,535,126	8,894,724
Other nonoperating items	264,187	(280,957)
Net cash from noncapital financing activities	23,751,134	23,030,532
Cash flows from capital financing activities		
Purchase of capital assets	(5,832,973)	(1,597,278)
Principal paid on notes and bonds	(730,000)	(730,979)
Interest paid on notes and bonds	(443,566)	(439,075)
Capital appropriations	4,567,553	1,747,093
Capital grants and gifts proceeds	326,996	177,167
Net cash from capital financing activities	(2,111,990)	(843,072)
Cash flow from investing activities		
Net change in investments	287,631	(240,478)
Income on investments	295,360	178,660
Net cash from investing activities	582,991	(61,818)
Net change in cash and cash equivalents	170,747	382,242
Cash and cash equivalents, beginning of year	11,629,592	11,247,350
Cash and cash equivalents, end of year	$ 11,800,339	11,629,592

(continued)

See accompanying notes to financial statements.

		2019	2018
Reconciliation of net operating loss to net cash from operating activities			
Operating loss	$	(21,760,362)	(12,576,870)
Adjustments to reconcile operating loss to net cash from operating activities			
Depreciation expense		1,907,959	1,908,705
Provision for bad debts		83,739	333,398
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Accounts receivable		931,640	(43,134)
Prepaid expenses		(257,614)	(285,960)
Inventory		(1,083)	7,371
Employee loans receivable		(699)	276
Other assets		4,337	4,142
Net OPEB asset		(1,187,223)	-
Deferred outflows of resources		1,487,584	136,667
Accounts payable		(162,045)	389,868
Wages payable		90,779	(131,027)
Accrued payroll and tax liabilities		23,710	(16,390)
Unearned revenue		(37,662)	(113,304)
Unclaimed funds		6,560	4,528
Deposits held in trust for others		(11,085)	(224,808)
Compensated absences		17,492	(60,132)
Net pension liability		(2,340,401)	(12,113,610)
Net OPEB liability		(2,710,943)	(1,960,835)
Deferred inflows of resources		1,863,929	2,997,715
Net cash from operating activities	$	(22,051,388)	(21,743,400)

Noncash transactions:

Capital assets of $300,389 and $1,371,441 for fiscal years 2019 and 2018, respectively, were financed through accounts payable, therefore these amounts were excluded from the change in accounts payable and purchases of capital assets, above.

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Clark State Community College (“College”) is an institution of higher education and is considered to be a component unit of the State of Ohio (“State”) because its Board of Trustees is appointed by the Governor of the State. Accordingly, the College is included in the State’s financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations, grants from various state agencies and payments to the State retirement program for certain College employees.

The College is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501(c)(3), and is therefore exempt from federal income taxes. Certain activities of the College may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

Clark State Community College Foundation (“Foundation”) is a legally separate, tax-exempt organization that exists to provide financial assistance to the educational programs, services, and facilities of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources or incomes thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Therefore, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements.

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

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

- **Net investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted, nonexpendable** – Net position subject to externally-imposed stipulations that they be maintained permanently by the College.

- **Restricted, expendable** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These represent amounts for capital construction projects, student services, and public service initiatives.

- **Unrestricted** – Net position that is not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the College’s policy to apply the restricted resources first, then unrestricted resources as needed.

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, change in net position and cash flows.

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Adoption of New Standards: For the fiscal year ended June 30, 2019, the College implemented GASB Statements No. 83, *Certain Asset Retirement Obligations* and No. 88, *Certain Disclosures Related Debt, Including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported, including certain required disclosures related to AROs. GASB Statement No. 83 did not impact the College's financial statements since the College does not have any asset retirement obligations that meet the criteria of this statement.

GASB Statement No. 88 improves financial reporting by enhancing the disclosures in the notes to the financial statements related to debt obligations, including direct borrowings and direct placements. The Standard also establishes uniform guidance in determining debt obligations for disclosure purposes. The College implemented the applicable requirements of GASB Statement No. 88 in fiscal year 2019 with no significant impact to the financial statements.

Upcoming Accounting Pronouncements: GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2021. The College is currently evaluating the impact GASB Statement No. 87 may have on its financial statements. GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* was issued to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for fiscal year 2021. The College is currently evaluating the impact GASB Statement No. 89 may have on its financial statements.

GASB Statement No. 90, *Majority Equity Interests—an Amendment of GASB Statement No.14 and No.61*, was issued to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB Statement No. 90 are effective for fiscal year 2020. The College is currently evaluating the impact GASB Statement No. 90 may have on its financial statements.

Equity in Pooled Cash and Cash Equivalents: Equity in pooled cash and cash equivalents consist of cash on hand and demand deposits with banks. For purposes of the statement of cash flows, the College considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include cash and money market funds, stated at cost, which approximates fair value.

Investments: The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and change in net position. Fair value is determined by market quotations. Donated investments are recorded at the fair value at the time received.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are comprised of textbooks and educational materials sold by the bookstore and are stated at actual cost using the first-in, first-out method.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. In the absence of historical cost records, equipment is recorded at the current cost of replacement as of that date.

Capital asset additions and improvements with a cost in excess of $5,000 are capitalized and depreciated on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Infrastructure	20 - 40 years
Buildings	45 years
Leasehold improvements	20 - 40 years
Furniture and equipment	5 - 20 years
Library books	10 years
Vehicles	3 - 6 years

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

Deposits Held in Trust for Others: Deposits held in trust for others in the amount of $39,481 and $50,566 at June 30, 2019 and 2018, respectively, represents the balance in the College's Agency fund that is available for expenditures.

Compensated Absences: The liability and expense incurred for employee vacation and sick pay are recorded as accrued compensated absences in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses and change in net position.

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net pension/OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB 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 will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the College, deferred outflows of resources are reported on the statement of net position for amounts related to pension and OPEB as explained in Notes 8 and 9.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources are related to pension and OPEB plans and are reported on the statement of net position (See Notes 8 and 9).

Operating and Nonoperating Revenues: The College's policy for defining operating activities as reported on the statements of revenues, expenses, and change in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statements No. 34 and 35, including state appropriations and investment income. Pell grants are considered nonexchange transactions and are recorded as non-operating revenues in the accompanying financial statements.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and change in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements based on whether or not they are considered exchange transactions. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

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

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Deposits: Custodial credit risk is the risk that in the event of a failure of a depository financial institution to fulfill its obligations, the College will not be able to recover the value of deposits, investments or collateral securities in the possession of an outside party. The College's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the Authority 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
>
> 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 secured or a rate set by the Treasurer of State.

As of June 30, 2019 and 2018, the carrying amount of the College's deposits was $1,459,432 and $1,111,223, respectively, which does not include $4,370 in petty cash. The bank balance was $1,774,312 at June 30, 2019. Of the 2019 bank balance, $1,081,542 was covered by federal depository insurance, $337,808 was collateralized in both the College's name and the financial institution's name, and $354,962 was secured with letters of credit for the benefit of the College.

Investments: At June 30, 2019 and 2018, the College had amounts on deposit with STAR Ohio, totaling $10,336,537 and $10,513,999, respectively, which are included in the "Equity in Pooled Cash and Cash Equivalents" amount on the statements of net position. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The College measures its investment in STAR Ohio 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.

As of June 30, 2019, the College had the following investments and maturities:

		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 3	3 to 5
Negotiable certificates of deposit	$ 1,311,028	$ 823,960	$ 487,068	$ -
US treasury notes	477,369	477,369	-	-
Star Ohio	10,336,537	10,336,537	-	-
	$ 12,124,934	$ 11,637,866	$ 487,068	$ -

As of June 30, 2018, the College had the following investments and maturities:

		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 3	3 to 5
Negotiable certificates of deposit	$ 1,605,176	$ 929,194	$ 675,982	$ -
US treasury notes	470,852	470,852	-	-
Star Ohio	10,513,999	10,513,999	-	-
	$ 12,590,027	$ 11,914,045	$ 675,982	$ -

The College's investments include $477,369 and $470,852 for 2019 and 2018, respectively, invested in obligations of the U.S. Treasury and are therefore not subject to the credit risk disclosures of GASB Statement No. 40 which are stated at their fair value.

The College's investments in negotiable certificates of deposits are held in the College's name by Trustees and are fully covered by FDIC.

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

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

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

NOTE 3 – FAIR VALUE MEASUREMENT

The College's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.
Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

The College has the following recurring fair value measurements as of June 30, 2019:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Negotiable certificates of deposit	$ 1,311,028	$ 1,311,028	$ -	$ -
US treasury notes	477,369	477,369	-	-
Total	$ 1,788,397	$ 1,788,397	$ -	$ -

The College has the following recurring fair value measurements as of June 30, 2018:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Negotiable certificates of deposit	$ 1,605,176	$ 1,605,176	$ -	$ -
US treasury notes	470,852	470,852	-	-
Total	$ 2,076,028	$ 2,076,028	$ -	$ -

The investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio; therefore, they are not included in the tables above. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. 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 $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2019 and 2018 consisted of billings for student fees, rentals, sponsored billings and intergovernmental receivables arising from grants. All receivables are not considered collectible in full and an allowance for doubtful accounts was established as reflected in the financial statements.

Accounts receivable consist of the following at June 30:

	2019	2018
Student charges	$ 5,468,846	$ 5,410,373
Room rental	3,532	12,798
Post secondary	570,834	518,108
Customized training services	44,661	125,383
Sponsored billings	228,019	196,859
Intergovernmental	893,742	1,873,997
Miscellaneous	351,279	376,935
	7,560,913	8,514,453
Less allowance for possible collection losses	(2,766,997)	(2,705,158)
Accounts receivable, net	$ 4,793,916	$ 5,809,295

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity of the College for the year ended June 30, 2019:

	July 1, 2018 Balance	Additions	Transfers/ Retirements	June 30, 2019 Balance
Nondepreciable capital assets:				
Land	$ 2,441,928	$ -	$ -	$ 2,441,928
Construction in progress	1,247,552	4,097,483	-	5,345,035
Total nondepreciable capital assets	3,689,480	4,097,483	-	7,786,963
Depreciable capital assets:				
Infrastructure	4,484,446	-	-	4,484,446
Buildings	70,480,857	486,766	-	70,967,623
Leasehold improvements	1,004,864	29,808	-	1,034,672
Furniture and equipment	8,242,522	105,235	-	8,347,757
Library books	478,434	15,879	(1,911)	492,402
Vehicles	662,835	26,750	(15,000)	674,585
Total depreciable capital assets	85,353,958	664,438	(16,911)	86,001,485
Accumulated depreciation				
Infrastructure	3,631,673	28,227	-	3,659,900
Buildings	30,346,885	1,466,157	-	31,813,042
Leasehold improvements	141,502	52,588	-	194,090
Furniture and equipment	6,136,665	292,855	-	6,429,520
Library books	375,671	19,365	(1,911)	393,125
Vehicles	550,374	48,767	(15,000)	584,141
Total accumulated depreciation	41,182,770	1,907,959	(16,911)	43,073,818
Total depreciable capital assets, net	44,171,188	(1,243,521)	-	42,927,667
Total capital assets, net	$ 47,860,668	$ 2,853,962	$ -	$ 50,714,630

The following is a summary of capital asset activity of the College for the year ended June 30, 2018:

	July 1, 2017 Balance	Additions	Retirements	June 30, 2018 Balance
Nondepreciable capital assets:				
Land	$ 2,441,928	$ -	$ -	$ 2,441,928
Construction in progress	-	1,247,552	-	1,247,552
Total nondepreciable capital assets	2,441,928	1,247,552	-	3,689,480
Depreciable capital assets:				
Infrastructure	4,484,446	-	-	4,484,446
Buildings	69,995,300	485,557	-	70,480,857
Leasehold improvements	717,016	287,848	-	1,004,864
Furniture and equipment	7,811,761	519,343	(88,582)	8,242,522
Library books	465,605	17,072	(4,243)	478,434
Vehicles	768,199	-	(105,364)	662,835
Total depreciable capital assets	84,242,327	1,309,820	(198,189)	85,353,958
Accumulated depreciation				
Infrastructure	3,577,117	54,556	-	3,631,673
Buildings	28,890,264	1,456,621	-	30,346,885
Leasehold improvements	90,443	51,059	-	141,502
Furniture and equipment	5,959,995	265,252	(88,582)	6,136,665
Library books	358,745	21,169	(4,243)	375,671
Vehicles	595,692	60,046	(105,364)	550,374
Total accumulated depreciation	39,472,256	1,908,703	(198,189)	41,182,770
Total depreciable capital assets, net	44,770,071	(598,883)	-	44,171,188
Total capital assets, net	$ 47,211,999	$ 648,669	$ -	$ 47,860,668

NOTE 6 – LONG-TERM OBLIGATIONS

The College's long-term obligations at June 30, 2019 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	$ 12,195,000	$ -	$ 730,000	$ 11,465,000	$ 745,000
Bond premium	314,693	-	17,853	296,840	-
Net pension liability:					
SERS	14,216,170	-	668,617	13,547,553	-
STRS	17,916,971	-	1,671,784	16,245,187	-
Total net pension liability	32,133,141	-	2,340,401	29,792,740	-
Net OPEB liability (asset):					
SERS	6,149,480	231,797	-	6,381,277	-
STRS	2,942,740	-	2,942,740	-	-
Total net pension liability	9,092,220	231,797	2,942,740	6,381,277	-
Deposits held in trust for others	50,566	-	11,085	39,481	-
Compensated absences	483,660	37,977	20,485	501,152	-
Total long-term liabilities	$ 54,269,280	$ 269,774	$ 6,062,564	$ 48,476,490	$ 745,000

The College's long-term obligations at June 30, 2018 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	$ 12,905,000	$ -	$ 710,000	$ 12,195,000	$ 730,000
Bond premium	335,672	-	20,979	314,693	-
Net pension liability:					
SERS	18,140,166	-	3,923,996	14,216,170	-
STRS	26,106,585	-	8,189,614	17,916,971	-
Total net pension liability	44,246,751	-	12,113,610	32,133,141	-
Net OPEB liability:					
SERS	6,881,973	-	732,493	6,149,480	-
STRS	4,171,082	-	1,228,342	2,942,740	-
Total net pension liability	11,053,055	-	1,960,835	9,092,220	-
Deposits held in trust for others	275,374	-	224,808	50,566	-
Compensated absences	543,792	42,699	102,831	483,660	-
Total long-term liabilities	$ 69,359,644	$ 42,699	$ 15,133,063	$ 54,269,280	$ 730,000

In June 2006, the College issued $8,175,000 of General Receipts Bonds, Series 2006, to pay a portion of the costs of the Sara T. Landess Technology and Learning Center. These bonds are special obligations of the College. Principal and interest on the bonds are payable solely from the pledged general receipts of the College. The bonds are not obligations of the State of Ohio, are not general obligations of the College, and the full faith and credit of the College is not pledged to their payment. Bondholders have no right to have excises or taxes levied by the Ohio General Assembly.

The College has covenanted it will ensure sufficient general receipts at all times sufficient to, at least, pay debt service charges on the General Receipt Bonds when due. The total principal and interest remaining to be paid at June 30, 2019 was $5,023,072. Principal and interest paid during fiscal year 2019 and total general receipts were $555,263 and $11,409,691, respectively.

The interest is payable semi-annually each June 1 and December 1, beginning December 1, 2016, and ending December 1, 2032. The principal is payable annually each December 1 beginning December 1, 2016 and ending December 1, 2032. The interest rates range from 2.0% to 4.0%. The bonds are payable as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 430,000	$ 122,513	$ 552,513
2021	445,000	109,388	554,388
2022	455,000	95,888	550,888
2023	225,000	84,563	309,563
2024	230,000	75,463	305,463
2025-2029	1,290,000	239,413	1,529,413
2030-2033	1,155,000	65,844	1,220,844
	$ 4,230,000	$ 793,072	$ 5,023,072

In October 2010, $9,525,000 State of Ohio (Ohio Building Authority) Clark State Community College Facilities Bonds, 2010 Series A, were issued to finance the purchase of the Greene Center facility at 3775 Pentagon Park Boulevard, Beavercreek, Ohio. The bonds consist of $1,980,000 of 2010 Series A1 Tax-Exempt Bonds and $7,545,000 2010 Series A2 Federally Taxable-Build America Bonds-Direct Payment. These bonds are special obligations of the Ohio Building Authority, the proceeds from which financed the purchase of the facility which the College leases from the OBA. Rentals to be paid to the OBA will be paid by the College from available receipts. The interest is payable semi-annually each March 1 and September 1, beginning March 1, 2011 and ending September 1, 2035. The principal is payable annually each September 1, beginning September 1, 2011 and ending September 1, 2035. The interest rates range from 1.5% to 6.17%. The bonds are payable as follows:

Year Ending June 30,	Principal	Interest	Discount/ Subsidy	Total
2020	$ 315,000	$ 406,985	$ (142,445)	$ 579,540
2021	325,000	392,969	(137,539)	580,430
2022	335,000	377,175	(132,011)	580,164
2023	350,000	359,434	(125,802)	583,632
2024	360,000	341,045	(119,366)	581,679
2025-2029	2,000,000	1,391,938	(487,178)	2,904,760
2030-2034	2,430,000	730,687	(255,740)	2,904,947
2035-2036	1,120,000	69,721	(24,402)	1,165,319
	$ 7,235,000	$ 4,069,954	$ (1,424,483)	$ 9,880,471

Compensated Absences

Under the College's compensated absences policy, employees in Grade Levels 7 through 14 earn vacation leave at a rate of 6.15 hours for each pay period, up to a maximum of 160 hours. Employees in Grade Levels 5 and 6 earn vacation at a rate of 4.62 hours per pay period, up to a maximum of 120 hours. Employees in Grade Levels 4 and below earn vacation leave at a rate of 3.08 hours for each pay period, up to a maximum of 80 hours. Upon completion of five years of service, eligible employees in grade levels 1-6 earn eight additional vacation hours for each year of service, up to a maximum of 160 hours. The policy allows a maximum of 200 vacation hours to be carried over to the subsequent year. Upon termination of employment, an employee is entitled to payment for all unused, accrued vacation hours.

College employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Annual unused sick leave has unlimited accrual. This sick leave will either be absorbed by time off due to illness or injury, or within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 240 hours. The College uses the vesting method to estimate the liability for the next fiscal year. Full-time faculty have the option of deferring compensation for overload assignments for future leave time with pay during a regular academic year.

The President is covered by the above stated Board policy on "sick leave severance upon retirement." The President is entitled to 20 days annual paid vacation. The President may elect to receive the cash equivalent of up to 10 days of unused vacation annually.

The total amount accrued for compensated absences at June 30:

		2019		2018
Vacation	$	430,884	$	400,778
Sick leave		50,389		63,079
Faculty banked leave		19,879		19,803
Total	$	501,152	$	483,660

NOTE 7 – STATE SUPPORT

The College is a state-assisted institution of higher education, which receives a student-based subsidy, determined annually using a formula devised by the Ohio Department of Higher Education.

In addition to the student subsidies, the State of Ohio provides the funding for construction of major plant facilities on the College campus. The funding is obtained from 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 of a facility, the Department of Higher Education turns over control to the College, which capitalizes the cost.

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. Currently, these are being funded through appropriations to the Department of Higher Education by the Ohio General Assembly.

The facilities are not pledged as collateral for the revenue bonds. Instead the bonds are supported by a pledge of monies in the Higher Education's Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

<u>Net Pension Liability</u>

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued payroll and tax liabilities.

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement were as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The College's contractually required contribution to SERS was $1,101,529 and $1,061,954 for fiscal years 2019 and 2018, respectively. Of this amount $0 and $40,438 is reported in accrued payroll and tax liabilities in 2019 and 2018, respectively.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – College licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. 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.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14%-member rate goes to the DC Plan and 2% goes 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 Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, plan members were required to contribute 14% of their annual covered salary. The College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The College’s contractually required contribution to STRS was $1,197,234 and $1,101,538 for fiscal years 2019 and 2018, respectively. Of this amount $0 and $41,898 is reported in accrued payroll and tax liabilities in 2019 and 2018, respectively.

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

The net pension liability reported at June 30, 2019 and 2018 was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities.

The following is information related to the College’s proportionate share, pension expense, and deferred inflows and outflows for fiscal years 2019 and 2018:

Fiscal Year 2019	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 13,547,553	$ 16,245,187	$ 29,792,740
Proportion of Net Pension Liability	0.236548183%	0.073882880%	
Change in Proportion	-0.001388137%	-0.001540437%	
Pension Expense (Negative)	$ 837,962	$ 1,164,266	$ 2,002,228
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 742,998	$ 374,989	$ 1,117,987
Change in assumptions	305,933	2,878,953	3,184,886
Change in the College's proportionate share and difference in employer contributions	5,899	-	5,899
College contributions subsequent to the measurement date	1,101,529	1,197,234	2,298,763
	$ 2,156,359	$ 4,451,176	$ 6,607,535
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (106,092)	$ (106,092)
Net difference between projected and actual earnings on pension plan investments	(375,360)	(985,090)	(1,360,450)
Change in the College's proportionate share and difference in employer contributions	(401,804)	(966,049)	(1,367,853)
	$ (777,164)	$ (2,057,231)	$ (2,834,395)

Fiscal Year 2018	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 14,216,170	$ 17,916,971	$ 32,133,141
Proportion of Net Pension Liability	0.237936320%	0.075423317%	
Change in Proportion	-0.009911400%	-0.002569600%	
Pension Expense (Negative)	$ (736,550)	$ (7,192,721)	$ (7,929,271)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 611,814	$ 691,869	$ 1,303,683
Change in assumptions	735,129	3,918,640	4,653,769
Change in the College's proportionate share and difference in employer contributions	51,275	-	51,275
College contributions subsequent to the measurement date	1,061,954	1,101,538	2,163,492
	$ 2,460,172	$ 5,712,047	$ 8,172,219
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (144,404)	$ (144,404)
Net difference between projected and actual earnings on pension plan investments	(67,481)	(591,280)	(658,761)
Change in the College's proportionate share and difference in employer contributions	(608,446)	(943,602)	(1,552,048)
	$ (675,927)	$ (1,679,286)	$ (2,355,213)

$2,298,763 reported as deferred outflows of resources at June 30, 2019 related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in future years as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 739,314	$ 1,028,383	$ 1,767,697
2021	98,065	579,930	677,995
2022	(444,594)	(128,622)	(573,216)
2023	(115,119)	(282,980)	(398,099)
	$ 277,666	$ 1,196,711	$ 1,474,377

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations, prepared as of June 30, 2018 and 2017, are presented below:

Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50% on and after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement
Investment Rate of Return	7.50% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females for active members. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class for fiscal years 2019 and 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.5% for fiscal years 2019 and 2018. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

Fiscal Year 2019	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	$ 19,082,749	$ 13,547,553	$ 8,906,661
Fiscal Year 2018			
College's proportionate share of the net pension liability	$ 19,728,349	$ 14,216,170	$ 9,598,595

Actuarial Assumptions – STRS

The total pension liability in the July 1, 2018 and 2017 actuarial valuations 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 increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0%

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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disability 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.

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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 for fiscal years 2019 and 2018 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, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 pension liability was 7.45% as of June 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018 and 2017.

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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

Fiscal Year 2019	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability	$ 23,723,956	$ 16,245,187	$ 9,915,422
Fiscal Year 2018			
College's proportionate share of the net pension liability	$ 25,683,368	$ 17,916,971	$ 11,374,945

Alternative Retirement Programs

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

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 4.50 percent. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting.

The College's contributions to ARPs for the years ended June 30, 2019 and 2018 was $133,444 and $100,920, respectively, which is equal to the required contribution for the year.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the College's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates 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 OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for contractually-required contributions outstanding at the end of the year is reported in salaries, wages and fringe benefits payable.

Plan Description – School Employees Retirement System

Health Care Plan
The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy— State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal years 2019 and 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years 2019 and 2018, the minimum compensation amount was $21,600 and $23,700, respectively. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years 2019 and 2018, the College's surcharge obligation was $83,738 and $80,023, respectively.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was $124,536 and $121,355 for fiscal years 2019 and 2018, respectively.

Plan Description – State Teachers Retirement System

Health Care Plan
The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS 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% of covered payroll. For the fiscal years ended June 30, 2019 and 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset/liability was measured as of June 30, 2018 and 2017, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

The following is information related to the College's proportionate share, OPEB expense, and deferred inflows and outflows for fiscal years 2019 and 2018:

Fiscal Year 2019	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ 6,381,277	$ (1,187,223)	$ 5,194,054
Proportion of Net OPEB Liability (Asset)	0.230016398%	0.073882880%	
Change in Proportion	0.000877747%	-0.001540437%	
OPEB Expense (Negative)	$ 137,855	$ (2,603,838)	$ (2,465,983)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 104,164	$ 138,670	$ 242,834
Change in the College's proportionate share and difference in employer contributions	957	-	957
College contributions subsequent to the measurement date	124,536	-	124,536
	$ 229,657	$ 138,670	$ 368,327
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (69,174)	$ (69,174)
Net difference between projected and actual earnings on OPEB plan investments	(9,573)	(135,630)	(145,203)
Change in assumptions	(573,310)	(1,617,683)	(2,190,993)
Change in the College's proportionate share and difference in employer contributions	(164,146)	(153,055)	(317,201)
	$ (747,029)	$ (1,975,542)	$ (2,722,571)

Fiscal Year 2018	SERS	STRS	Total
Proportionate Share of Net OPEB Liability	$ 6,149,480	$ 2,942,740	$ 9,092,220
Proportion of Net OPEB Liability	0.229138651%	0.075423317%	
Change in Proportion	-0.012302748%	-0.002569613%	
OPEB Expense (Negative)	$ 192,650	$ (917,595)	$ (724,945)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ -	$ 169,872	$ 169,872
College contributions subsequent to the measurement date	121,355	-	121,355
	$ 121,355	$ 169,872	$ 291,227
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (16,240)	$ (125,780)	$ (142,020)
Change in assumptions	(583,555)	(237,048)	(820,603)
Change in the College's proportionate share and difference in employer contributions	(257,410)	(117,791)	(375,201)
	$ (857,205)	$ (480,619)	$ (1,337,824)

$124,536 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (326,412)	$ (330,248)	$ (656,660)
2021	(253,092)	(330,248)	(583,340)
2022	(20,906)	(330,248)	(351,154)
2023	(16,831)	(299,446)	(316,277)
2024	(17,494)	(288,639)	(306,133)
2025	(7,173)	(258,043)	(265,216)
	$ (641,908)	$ (1,836,872)	$ (2,478,780)

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuations, prepared as of June 30, 2018 and 2017, are presented below:

	June 30, 2018	June 30, 2017
Investment Rate of Return	7.50% net of investment expense, including inflation	7.50% net of investment expense, including inflation
Wage Inflation	3.00%	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%	3.50% to 18.20%
Municipal Bond Index Rate:		
Prior Measurement Date	3.56%	2.92%
Measurement Date	3.62%	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Prior Measurement Date	3.63%	2.98%
Measurement Date	3.70%	3.63%
Medical Trend Assumption:		
Pre-Medicare	7.25% - 4.75%	7.50% - 5.00%
Medicare	5.375% - 4.75%	5.50% - 5.00%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. PR-2000 Disabled Mortality Table with 90% for males rate and 100% for female rates set back five years.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62% as of June 30, 2018 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Healthcare Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for fiscal years 2019 and 2018, calculated using the discount rate of 3.70% and 3.63%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70% and 2.63%) and one percentage point higher (4.70% and 4.63%) than the current rate, all respectively.

Fiscal Year 2019	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
College's proportionate share of the net OPEB liability	$ 7,743,177	$ 6,381,277	$ 5,302,906

Fiscal Year 2018	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
College's proportionate share of the net OPEB liability	$ 7,426,279	$ 6,149,480	$ 5,137,928

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point and one percentage point higher than the current rates.

Fiscal Year 2019	1% Decrease (6.25% decreasing to 3.75%)	Trend Rate (7.25% decreasing (to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
College's proportionate share of the net OPEB liability	$ 5,148,519	$ 6,381,277	$ 8,013,668

Fiscal Year 2018	1% Decrease (6.5% decreasing to 4.0%)	Trend Rate (7.5% decreasing (to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
College's proportionate share of the net OPEB liability	$ 4,989,842	$ 6,149,480	$ 7,684,280

Actuarial Assumptions – STRS

The total OPEB asset in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
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		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following 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 increases	3.00%
Blended discount rate of return	4.13%
Investment rate of return	7.45%, net of investment expenses, including inflation
Health care cost trends	6% - 11% initially, 4.50% ultimate
Cost-of-living adjustments	0% effective July 1, 2017

For healthy retirees the mortality rates 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. For disabled retirees, 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.

Actuarial assumptions used in the June 30, 2018 and 2017 valuations are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 4.13% to 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 since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service. 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.

STRS Ohio'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, which include the real rate of return and inflation of 2.25%, but does not include investment expenses. Over a 30-year period, STRS Ohio'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 7.45% and 4.13% as of June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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 be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB asset as of June 30, 2018. A blended discount rate of 4.13%, which represents a long-term expected rate of return of 7.45% for the funded benefit payments and a Bond Buyer 20-year municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the College's proportionate share of the net OPEB liability (asset) for fiscal years 2019 and 2018, calculated using the current period discount rate assumption of 7.45% and 4.13%, as well as what the College's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45% and 3.13%) and one percentage point higher (8.45% and 5.13%) than the current rate, all respectively. Also shown is the net OPEB liability (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

Fiscal Year 2019	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net OPEB (asset)	$ (1,017,561)	$ (1,187,223)	$ (1,329,815)

Fiscal Year 2018	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
College's proportionate share of the net OPEB liability	$ 3,950,581	$ 2,942,740	$ 2,146,216

	1% Decrease In Trend Rates	Current Trend Rate	1% Increase In Trend Rates
Fiscal Year 2019			
College's proportionate share of the net OPEB (asset)	$ (1,321,765)	$ (1,187,223)	$ (1,050,584)
Fiscal Year 2018			
College's proportionate share of the net OPEB liability	$ 2,044,489	$ 2,942,740	$ 4,124,924

NOTE 10 – GRANTS, CONTRACTS AND OTHER ASSISTANCE

Miscellaneous amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the management expects such amounts, if any, to be immaterial.

NOTE 11 – LEASES

The College leases real property at 700 S Limestone St in Springfield, Ohio under a Lease Agreement that expires December 2035. Future minimum lease payments under this Lease Agreement at June 30, 2019 are as follows:

Year Ending June 30,	
2020	$ 60,000
2021	60,000
2022	60,000
2023	60,000
2024	60,000
2025-2029	300,000
2030-3034	300,000
2035-2036	90,000
	$ 990,000

During 2019, the College entered into a lease agreement for real property at 336 Progress Drive in Xenia, Ohio that expires January 2039. Future minimum lease payments under this Lease Agreement at June 30, 2019 are as follows:

Year Ending June 30,	
2020	$ 104,940
2021	104,940
2022	104,940
2023	104,940
2024	104,940
2025-2029	524,700
2030-3034	524,700
2035-2039	472,230
	$ 2,046,330

The College leases office equipment under an operating lease that will expire June 2021. Future minimum lease payments under this Lease Agreement at June 30, 2019 are as follows:

Year Ending June 30,	
2020	$ 7,178
2021	7,178
	$ 14,356

NOTE 12 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees other than workers' compensation obtained through the state of Ohio, vehicle coverage, and natural disasters.

Coverage	Amount	Deductible
Building, Contents, Computer Equipment, including Equipment Breakdown (Boiler and Machinery) (per occurrence)	$ 100,000,000	$ 25,000
Crime – Employee Dishonesty and Forgery/Alteration	500,000	2,500
Crime – Theft, Disappearance and Destruction of Money and Securities (on premises or away)	100,000	None
Automobile Liability	1,000,000	None
Automobile – Physical Damage – Collision	Actual Cash Value	500
Automobile – Physical Damage – Comprehensive (other than collision)	Actual Cash Value	500
General Liability (per occurrence)	1,000,000	None
General Aggregate Liability (per policy year)	3,000,000	None
Excess Liability (per occurrence and per policy year)	15,000,000	None
Excess Educators – Legal Liability (per occurrence and per policy year)	15,000,000	None
Liquor Liability (per occurrence)	1,000,000	None
Educators Legal (per occurrence)	1,000,000	10,000
Flood and Earthquake – Each Occurrence and Aggregate	100,000,000	100,000
Nurse Professional (Student Professional Liability)	1,000,000	None
Employers Liability	1,000,000	None
Employee Benefits Liability	1,000,000	1,000
Sexual Misconduct (per claim)	1,000,000	None
Specialty Risk Protector (Cyber Risk)	1,000,000	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

NOTE 13 – CLARK STATE COMMUNITY COLLEGE FOUNDATION

Clark State Community College Foundation ("Foundation") is a legally separate, tax-exempt component unit of Clark State Community College ("College"). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The assets of the Foundation have been given by donors/grantors independent from the College and are governed by a Board of Directors. The 23-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The accompanying financial statements of the Foundation have been prepared in accordance with pronouncements of the Financial Accounting Standards Board. 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 reporting entity for these differences.

Revenues are reported as an increase in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Certain funding from non-government agencies is accounted for as donor restricted until either the required use, passage of time or receipt of funds occurs. Accordingly, such contributions are then released from restriction and recorded as net assets without donor restrictions. Contributions that were received as net assets with donor restrictions in a certain fiscal year whose restriction is fulfilled in the same fiscal year are directly reported as revenue without donor restrictions.

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at 2.09% and 2.11% to the present value of future cash flows, for the years ended June 30, 2019 and 2018.

Unconditional promises are expected to be realized in the following periods:

	2019	2018
One year or less	$ 455,706	466,124
Between one and five years	547,168	945,636
	1,002,874	1,411,760
Discounts and allowances	(41,976)	(68,706)
Net pledges	$ 960,898	1,343,054

Foundation investments are stated at fair value, with changes in market value being recognized as gains and losses during the period in which they occur. Fair value of investments held by the Foundation is summarized as follows:

	2019		2018	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Bond funds	$ 5,280,252	4,895,234	4,936,556	4,699,353
Equity funds	10,682,964	2,699,720	9,809,257	2,634,311
High quality bond fund	2,038,665	1,805,401	1,889,024	1,734,166
Money market accounts	192,655	192,655	88,793	88,793
Mutual fund - fixed	576,740	582,646	619,284	631,297
Corporate bonds	175,515	175,648	196,757	202,058
Common stock	357,252	215,425	394,061	256,251
Real Estate Investment Trust	15,732	10,372	14,661	10,372
ADR / foreign - bonds	46,185	45,408	44,207	44,750
US Government Agency	25,000	24,663	24,487	24,663
Mutual fund - equity	1,775,714	1,522,849	1,578,539	1,272,229
Total investments	$ 21,166,674	12,170,021	19,595,626	11,598,243

During the years ended June 30, 2019 and 2018, the Foundation distributed $305,715 and $174,948, respectively, to the College for both restricted and unrestricted purposes. At June 30, 2019, the Foundation owed the College $1,848. At June 30, 2018, the College owed the Foundation $13,958. Complete financial statements for the Foundation can be obtained from the Business Office at 570 East Leffel Lane, Springfield, Ohio 45505.

Assets and liabilities of the Foundation measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at June 30, 2019

	Balance as of June 30, 2019	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foundation Investments:				
Privately held funds:				
U.S. Equity	$ 7,722,807	-	7,722,807	-
International equity	1,027,907	-	1,027,907	-
Emerging markets	464,449	-	464,449	-
Fixed income:				
Intermediate term	640,867	-	640,867	-
Core bonds	5,668,792	-	5,668,792	-
Credit	145,816	-	145,816	-
Opportunistic	808,284	-	808,284	-
Distressed debt	122,413	-	122,413	-
Diversifying strategies	1,400,546	-	1,400,546	-
Total privately held funds	18,001,881	-	18,001,881	-
U.S. Government agency	25,000	-	25,000	-
Corporate and ADR bonds	221,700	-	221,700	-
Common stock	357,252	357,252	-	-
Mutual funds:				
Equity	1,775,714	1,775,714	-	-
Fixed income	576,740	576,740	-	-
REIT	15,732	15,732	-	-
Total Mutual Funds	2,368,186	2,368,186	-	-
Money market accounts	192,655			
Total investments	$ 21,166,674			

Fair Value Measurements at June 30, 2018

	Balance as of June 30, 2018	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foundation Investments:				
Privately held funds:				
U.S. Equity	$ 7,136,345	-	7,136,345	-
International equity	949,849	-	949,849	-
Emerging markets	429,179	-	429,179	-
Fixed income:				
Intermediate term	592,200	-	592,200	-
Core bonds	5,238,310	-	5,238,310	-
Credit	134,743	-	134,743	-
Opportunistic	746,904	-	746,904	-
Distressed debt	113,117	-	113,117	-
Diversifying strategies	1,294,190	-	1,294,190	-
Total privately held funds	16,634,837	-	16,634,837	-
U.S. Government agency	24,487	-	24,487	-
Corporate bonds	196,757	-	196,757	-
Common stock	394,061	394,061	-	-
Mutual funds:				
Large cap	1,000,626	1,000,626	-	-
Mid cap	368,645	368,645	-	-
Short-term bonds	247,663	247,663	-	-
Intermediate-term bonds	321,648	321,648	-	-
Foreign large cap	209,268	209,268	-	-
REIT	14,661	14,661	-	-
High yeild bond	94,180	94,180	-	-
Total Mutual Funds	2,256,691	2,256,691	-	-
Money market accounts	88,793			
Total investments	$ 19,595,626			

REQUIRED SUPPLEMENTARY INFORMATION

Clark State Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.248575%	$ 14,781,957	$ 7,112,938	207.82%	65.52%
2015	0.248575%	12,580,239	7,223,082	174.17%	71.70%
2016	0.252810%	14,425,567	7,613,979	189.46%	69.16%
2017	0.247848%	18,140,166	8,117,207	223.48%	62.98%
2018	0.237936%	14,216,170	7,911,800	179.68%	69.50%
2019	0.236548%	13,547,553	7,866,326	172.22%	71.36%

(1) Information prior to 2014 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the College's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

Changes of benefit and funding terms. In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

Clark State Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.079736%	$ 23,102,739	$ 7,995,124	288.96%	69.30%
2015	0.079736%	19,394,615	8,080,065	240.03%	74.70%
2016	0.079560%	21,988,021	8,208,655	267.86%	72.09%
2017	0.077993%	26,106,585	8,985,871	290.53%	66.78%
2018	0.075423%	17,916,971	8,239,779	217.44%	75.30%
2019	0.073883%	16,245,187	7,868,129	206.47%	77.30%

(1) Information prior to 2014 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the College's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

Clark State Community College
Required Supplementary Information
Schedule of College Pension Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$ 957,953	$ (957,953)	$ -	$ 6,960,912	13.76%
2011	981,090	(981,090)	-	7,007,777	14.00%
2012	1,085,613	(1,085,613)	-	6,871,371	15.80%
2013	1,095,878	(1,095,878)	-	7,112,938	15.41%
2014	1,035,838	(1,035,838)	-	7,223,082	14.34%
2015	1,127,765	(1,127,765)	-	7,613,979	14.81%
2016	1,136,409	(1,136,409)	-	8,117,207	14.00%
2017	1,107,652	(1,107,652)	-	7,911,800	14.00%
2018	1,061,954	(1,061,954)	-	7,866,326	13.50%
2019	1,101,529	(1,101,529)	-	8,159,474	13.50%

Clark State Community College
Required Supplementary Information
Schedule of College Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$ 866,744	$ (866,744)	$ -	$ 6,862,772	12.63%
2011	960,790	(960,790)	-	6,862,772	14.00%
2012	1,053,938	(1,053,938)	-	7,247,376	14.54%
2013	1,177,487	(1,177,487)	-	7,995,124	14.73%
2014	1,072,749	(1,072,749)	-	8,080,065	13.28%
2015	1,152,759	(1,152,759)	-	8,208,655	14.04%
2016	1,258,022	(1,258,022)	-	8,985,871	14.00%
2017	1,153,569	(1,153,569)	-	8,239,779	14.00%
2018	1,101,538	(1,101,538)	-	7,868,129	14.00%
2019	1,197,234	(1,197,234)	-	8,551,671	14.00%

Clark State Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1) (2)

	College's Proportion of the Net OPEB Liability	College's Proportionate Share of the Net OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.241441%	$ 6,881,973	$ 8,117,207	84.78%	11.49%
2018	0.229139%	6,149,480	7,911,800	77.73%	12.46%
2019	0.230016%	6,381,277	7,866,326	81.12%	13.57%

(1) Information prior to 2017 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the College's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

Change in benefit and funding terms. In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

Clark State Community College

Required Supplementary Information

Schedule of College's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

Last Three Fiscal Years (1) (2)

	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.077993%	$ 4,171,082	$ 8,985,871	46.42%	37.3%
2018	0.075423%	2,942,740	8,239,779	35.71%	47.1%
2019	0.073883%	(1,187,223)	7,868,129	(15.09%)	176.0%

(1) Information prior to 2017 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the College's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumption. For measurement year 2017, 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.

For measurement year 2018, 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. Valuation year per capital health care costs were updated.

Change in benefit terms. For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient 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.

For measurement year 2018, 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.

Clark State Community College
Required Supplementary Information
Schedule of College's OPEB Contributions
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 80,442	$ (80,442)	$ -	$ 8,117,207	0.99%
2017	67,938	(67,938)	-	7,911,800	0.86%
2018	121,355	(121,355)	-	7,866,326	1.54%
2019	124,536	(124,536)	-	8,159,474	1.53%

(1) The College elected not to present information prior to 2016. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge

Clark State Community College
Required Supplementary Information
Schedule of College OPEB Contributions
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 8,985,871	0.00%
2017	-	-	-	8,239,779	0.00%
2018	-	-	-	7,868,129	0.00%
2019	-	-	-	8,551,671	0.00%

(1) The College elected not to present information prior to 2016. The College will continue to present information for years available until a full ten-year trend is compiled.

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

SUPPLEMENTAL INFORMATION

Legal Counsel
Mia Yaniko

Attorney General's Office

30 E. Broad Street, 15th Floor

Columbus, OH 43215

Name	Title
Jo Alice Blondin, Ph.D.	President
Larry Wakefield	Vice President for Business Affairs
Kathleen Nelson	Controller

Employees are bonded by the Cincinnati Insurance Company under blanket bond coverage of $500,000.

Federal Grantor/Pass Through Grantor/Program Title	Grant or Pass Through Number	Federal CFDA Number	Expenditures
Corporation for National and Community Service			
Passed through Ohio Association of Community Colleges:			
AmeriCorps	0G10-AmeriCorps	94.006	$ 5,000
Total Corporation for National and Community Service			5,000
National Science Foundation			
Education and Human Resources (Cybersecurity)	1700566	47.076	142,129
Education and Human Resources (Integrating Agriculture and Geo-Sciences)	1601512	47.076	92,673
Total National Science Foundation			234,802
U.S. Department of Education			
Title IV Program			
Student Financial Aid Cluster:			
Supplemental Educational Opportunity Grant	P007A183254	84.007	186,698
Federal College Work Study	P033A183254	84.033	84,124
Pell Grant	P063P182557	84.063	8,535,126
Federal Direct Student Loans	P268K192557	84.268	9,933,878
Total Student Financial Aid Cluster			18,739,826
TRIO Cluster			
TRIO Student Support Services	P042A150877	84.042	282,907
Total TRIO Cluster			282,907
Total Title IV Program			19,022,733
Title I Program			
Passed through the Ohio Department of Education:			
Career and Technical Education - Basic Grants to States (Vocational Education)	V048A180035	84.048	184,990
Career and Technical Education - Basic Grants to States (Secondary Career-Technical Alignment Initiative)	BOR01-000006212	84.048	2,000
Total Title I Program			186,990
Adult Basic and Literacy Education Program			
Adult Education - Basic Grants to States	V002A170036	84.002	124,149
Total Adult Basic and Literacy Education Program			124,149
Gaining Early Awareness and Readiness for Undergraduate Programs			
Passed through Ohio Department of Higher Education:			
Gaining Early Awareness And Readiness For Undergraduate Programs	GEARUPCSCC11218	84.334	400
Total Gaining Early Awareness and Readiness for Undergraduate Programs			400
Total U.S. Department of Education			19,334,272
U.S. Department of Defense			
Information Security Grant Program	H98230-17-1-0345	12.902	16,677
Information Security Grant Program	H98230-18-1-0344	12.902	92,393
			109,070
Passed through Southwestern Ohio Council for Higher Education:			
Economic Adjustment Assistance for State Governments	DD1452-19-02	12.617	11,561
Total U.S. Department of Defense			120,631
U.S. Department of Health and Human Services			
Passed through the Clark County Department of Job and Family Services:			
Foster Care_Title IV-E	2018-0396	93.658	206,476
Total U.S. Department of Health and Human Services			206,476
U.S. Department of Labor			
Passed through the Ohio Dept. of Job and Family Services:			
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	C-1819-15-0782	17.277	25,000
Trade Adjustment Assistance Community College and Career Training Grants	TC265041460/A39	17.282	39,367
Total U.S. Department of Labor			64,367
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 19,965,548

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Clark State Community College under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Clark State Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clark State Community College.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Expenditures are recognized following, as applicable, to the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. In addition, the College did not pass-through any federal awards to subrecipients during the year ended June 30, 2019.

The College has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance

NOTE 3 – FEDERAL WORK-STUDY AND FEDERAL SEOG WAIVER

For the year ended June 30, 2019, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

NOTE 4 – LOAN PROGRAMS

The College originates but does not provide funding under the Direct Loan Program. The amount presented represents the value of new Direct Loans awarded by the Department of Education during the year.

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CLARK SCHAEFER HACKETT
CPAs & 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
Clark State Community College
Springfield, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Clark State Community College (the "College"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 15, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 may exist that have not been identified.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 15, 2019

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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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
Clark State Community College
Springfield, Ohio

Report on Compliance for Each Major Federal Program
We have audited Clark State Community College's (the "College") compliance with the types of compliance requirements described 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, 2019. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program
In our opinion, the College complied, in all material respects, with the types of 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, 2019.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, that we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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
October 15, 2019

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major program:

Student Financial Aid Cluster:
CFDA# 84.007 – Supplemental Educational Opportunity Grant
CFDA# 84.033 – College Work Study
CFDA# 84.063 – Pell Grant
CFDA# 84.268 – Federal Direct Student Loans

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

Finding 2019-001

Federal Program Information:	Federal Direct Student Loans, CFDA No. 84.268
Criteria:	The aggregate unpaid principal amount of all Direct Subsidized Loans and Subsidized Federal Stafford Loans made to a student but excluding the amount of capitalized interest may not exceed the following: (1) $23,000 in the case of any student who has not successfully completed a program of study at the undergraduate level. (2) $65,500 in the case of a graduate or professional student, including loans for undergraduate study.
Condition:	One student in a sample of sixty was awarded a Federal Subsidized Direct Loan in excess of the aggregate limit.
Questioned Costs:	Questioned costs for the undergraduate Subsidized over-award was $3,000.
Context:	In a sample of sixty students receiving Title IV funds, one student was over-awarded and over-disbursed a subsidized Federal Subsidized Direct Loan during the year that resulted in the student exceeding the aggregate Subsidized borrowing limit for undergraduate students.
Cause/Effect:	The College uses the student financial aid packaging software to incorporate borrowing history to calculate Subsidized and Unsubsidized Direct loan funds when the student is awarded federal aid. The student is awarded through the packaging software one time. Additional requests for loan funds or adjustments to awards are processed manually. Subsidized and Unsubsidized loans are not added to the student's borrowing history until a loan has been originated with the US Department of Education. The Financial Aid Office does receive notification from the US Department of Education when student loan disbursements cause the student to exceed the aggregate limits for Subsidized loan and/or the combination of Subsidized and Unsubsidized loans; Financial Aid personnel review the notices and make manual corrections to student loans to, either, reduce total loans or reallocate Subsidized to Unsubsidized loan. The reviewed student did have a staff member notation on her record that notification was received; there was no manual adjustment to the award following the notification.
Recommendation:	We recommend review of current practices and implement policies establishing monitoring procedures governing the awarding process (automatic and manual) to ensure that Direct Loans are awarded in accordance with federal guidelines.
Management Response:	The College agrees with the finding and is implementing recommendations. For the affected student, the Financial Aid Office reviewed the student's loan history, reduced Subsidized loan to aggregate limit, reallocated $2,000 Subsidized over award to Unsubsidized aggregate limit. Please refer to the College's corrective action plan presented on page 70.

Finding 2019-002

Federal Program Information:	Federal Pell Grant Program, CFDA No. 84.063 Federal Direct Student Loans, CFDA No. 84.268
Criteria:	34 CFR 688.22 requires the college to determine the amount of Title IV funds that the student earned as of the student's withdrawal date. 34 CFR 668.22(j) requires the college to return program funds within 45 days of the determination date of withdrawal, and to determine the date of withdrawal within 30 days after the period of enrollment.
Condition:	Five students in a sample of forty tested did not meet the time requirements related to the Return of Title IV funds (R2T4).
Questioned Costs:	None
Context:	For three of forty students tested, the College did not return funds within 45 days from the date of withdrawal as required. For two of forty students tested, the College did not determine the student withdrew within the required time period.
Cause/Effect:	R2T4 calculations prepared by the Financial Aid Office are submitted to the Business Office for repayment to the US Department of Education. The frequency of Return of Title IV Funds processing can vary with time in semester and is impacted by enrollment action dates (i.e. first day of class, last day to drop with 100% refund). The notification from the Financial Aid Office to the Business Office was not completed within the required timeframe. Additionally, the College used the incorrect date to calculate Return of Title IV funds for unofficial withdrawals as reported at the end of the semester.
Recommendation:	We recommend management strengthen controls to ensure that all students requiring a return of funds calculation are identified and return of funds procedures are performed timely and accurately.
Management Response:	The College agrees with the finding and has implemented appropriate procedures. Please refer to the College's corrective action plan presented on page 70.

None reported in prior year

The Financial Aid Office has reviewed the Audit Findings as presented and provides the following responses:

Finding 2019-001: Federal Direct Student Loans, CFDA No. 84.268

Corrective Action:

The Financial Aid Office currently uses a Colleague delivered report to identify students who are nearing aggregate undergraduate borrowing levels. This report is reviewed by Financial Aid Staff and awards revised when necessary. The corrective action is to 1) develop a "tag" that can be assigned to the student record identifying the loan limit alert and 2) incorporate the "tag" into reporting and awarding processes to require a manual review of loan funds before disbursement.

Timeline: November 2019

Finding 2019-002: Federal Pell Grant Program, CFDA No. 84.063

Federal Direct Student Loans, CFDA No. 84.268

Corrective Action(s):

The Financial Aid Office was using a custom report to generate student course withdrawal data used to perform the Return of Title IV (R2T4) Funds calculations. Staff have moved to the use of a Colleague delivered report and trained with IT Consultants (Ferrilli) on correct use of the report and data contained in the report. Results of calculations are recorded on Colleague with additional records kept in the student's file in the Financial Aid Office to record the date of action, calculation results.

R2T4 policy and procedures will be updated to include specific references to allowable timeframes for calculations, notifications to students, transmittal of reduced funds and disbursement of post-withdrawal eligible funds. New communication codes will be used in Colleague to record calculation notifications and date of notifications to students.

Timeline: November 2019

OHIO AUDITOR OF STATE
KEITH FABER

CLARK STATE COMMUNITY COLLEGE

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 19, 2019