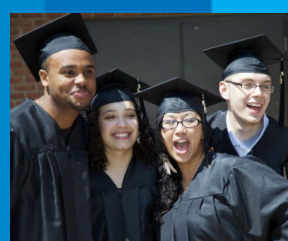
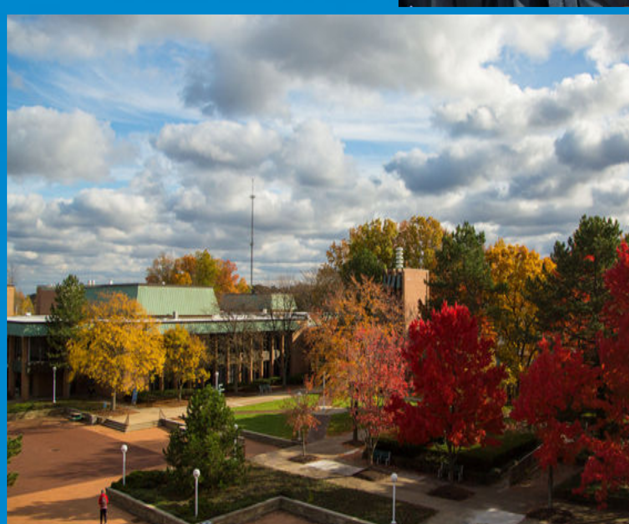
Lorain County Community College

Basic Financial Statements
June 30, 2019





OHIO AUDITOR OF STATE
KEITH FABER

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

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

We have reviewed the *Independent Auditor's Report* of the Lorain County Community College, Lorain County, prepared by Ciuni & Panichi, Inc., 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 Lorain County Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 2, 2020

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Lorain County Community College

For the Year Ended June 30, 2019

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Ciuni & Panichi
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Independent Auditor's Report

Board of Trustees
Lorain County Community College
Elyria, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Lorain County 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Lorain County Community College Foundation, Inc., which is the only discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College'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.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

Board of Trustees
Lorain County Community College

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required schedules on pensions and other postemployment benefits 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 30, 2019

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Introduction

The following discussion and analysis provides an overview of the financial position and activities of Lorain County Community College (the College) for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, that follow this section.

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

Using the Annual Financial Report

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

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

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

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2019 and is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27*. In 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pensions and OPEB, the net pension liability and net OPEB liability to the reported net position, and subtracting net pension and net OPEB assets and deferred outflows related to pensions and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the College's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange"- that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since the government received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plan.

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

In accordance with GASB 68 and GASB 75, the College's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for its proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Additional information about pensions and other postemployment benefits is presented in Notes 12 and 13.

Statement of Net Position

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

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

	June 30, 2019	June 30, 2018
Current assets	$ 80,451,229	$ 81,339,370
Noncurrent assets:		
Net pension asset	99,854	113,941
Net OPEB asset	3,064,617	-
Capital assets, net	173,208,770	172,404,988
Other	11,187,183	9,338,087
Total assets	$ 268,011,653	$ 263,196,386
Deferred outflows of resources:		
Pensions	$ 22,725,711	$ 19,369,539
OPEB	2,039,253	1,704,713
Loss on refunding	2,762,203	2,930,630
Total deferred outflows of resources	$ 27,527,167	$ 24,004,882
Current liabilities	$ 19,347,015	$ 20,028,183
Noncurrent liabilities:		
Accrued liabilities	269,509	520,494
Long term debt	59,319,173	61,700,220
Compensated absences	4,280,721	3,803,740
Net pension liability	83,356,933	68,609,738
Net OPEB liability	19,678,098	24,018,697
Total liabilities	$ 186,251,449	$ 178,681,072
Deferred inflows of resources:		
Property taxes	$ 12,150,153	$ 11,806,279
Pensions	5,604,297	10,409,857
OPEB	5,196,380	2,445,995
Total deferred inflows of resources	$ 22,950,830	$ 24,662,131
Net position	$ 86,336,541	$ 83,858,065

Current assets consist of cash and cash equivalents, short term investments, accounts receivable, inventories, and prepaid expenses. Current liabilities consist primarily of accounts payable, accrued payroll liabilities, and unearned revenue. The College's current ratio (current assets divided by current liabilities) of 4.16 indicates that current assets are more than adequate to cover current liabilities as they become due.

Lorain County Community College's financial position, as a whole, improved during the fiscal year ended June 30, 2019. The decrease in current assets of $0.9 million is primarily attributable to changes in receivables. The increase in noncurrent assets of $5.7 million is primarily attributable to an increase in long term investments of $1.8 million and in the net pension/OPEB asset of $3.1 million. Current liabilities decreased by $0.7 million primarily due to a decrease in unearned tuition revenue.

Noncurrent liabilities increased by $8.3 million from June 30, 2018, primarily related to an increase in the College's net pension liability recognized under GASB 68 and a decrease in net OPEB liability recognized under GASB 75. See Notes 12 and 13 for more information about net pension/OPEB liabilities.

Capital and Debt Activities

One critical factor affecting the quality of the College's programs is the development and renewal of its capital assets. Capital additions totaled $10.4 million in 2019. Capital additions included construction, repair and renovation of existing facilities, and acquisition of equipment. Current year capital asset additions were funded by capital from local appropriations and the State of Ohio. Capital assets, net increased slightly from the prior year after depreciation of $7.7 million.

In October 2018, the College entered into an agreement with Lorain County to transfer the Center for Leadership in Education (CLE) building to the County to benefit a community collaborative program to curb the drug epidemic prevalent in Lorain County. Title to the property transferred from Lorain County Community College to the County in October, 2018. The College recognized the transfer as a reduction in 2019 net position and realized a net loss of $1,296,583. The net loss is included in Operating Expenses, Public Service in the Statement of Revenues, Expenses and Changes in Net Position.

In September 2016, the College entered into an agreement with the Board of Park Commissioners, Lorain County Metropolitan Park District, to sell approximately 204 acres of vacant land in the City of North Ridgeville, Lorain County, Ohio, for $691,500 less specified closing costs applicable to the seller (Lorain County Community College). Title to the property transferred to the Board of Commissioners, Lorain County Metropolitan Park District in November, 2018 for net proceeds of $689,259. The College recognized a net gain of $169,259, included in Nonoperating Revenues, Gain on Asset Disposal, in the Statement of Revenues, Expenses and Changes in Net Position.

On July 31, 2019, the College entered into a tax-exempt lease-purchase agreement with Signature Public Funding Corp. to finance certain energy conservation improvements. The scheduled lease term is for a period of 16 years, with a principal component of $16,324,388 and an interest rate of 3.18%. The improvements are estimated to be completed within a two year period. Energy savings are contractually-guaranteed to offset the costs of the projects and related financing.

On September 26, 2019, the Board of Trustees authorized the issuance of general receipts bonds in a maximum aggregate principal amount not to exceed $36,890,000, for the purpose of refunding all or a portion of the College's outstanding Series 2011 and Series 2012 general receipts bonds and paying costs of issuance of such bonds, to take advantage of current, lower market interest rates on debt. The issuance date of the refunding bonds shall be not later than June 30, 2020.

For more information regarding the College's capital assets and long term debt, see Notes 7, 8 and 18 of the basic financial statements.

Net Position

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

The College's net position at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Net investment in capital assets	$ 113,582,705	$ 110,469,560
Restricted - expendable	8,629,394	8,369,022
Unrestricted	(35,875,558)	(34,980,517)
Total	$ 86,336,541	$ 83,858,065

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

Restricted-expendable net position consists of restricted assets reduced by liabilities related to those assets subject to externally imposed restrictions governing their use.

Unrestricted net position is not subject to externally imposed stipulations.

Net investment in capital assets increased by $3.1 million related to principal payments of debt, and additions to capital assets, net of depreciation.

Unrestricted net position decreased by $0.9 million, primarily related to changes in the College's proportionate share of pensions/OPEB liability and changes in deferred outflows and deferred inflows of resources related to pensions/OPEB.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year, and changes in net position. Activities are reported as either Operating or Nonoperating. As a public institution, the College's dependence on State aid results in an operating deficit because the financial reporting model classifies State Appropriations as Nonoperating revenue. The utilization of capital assets is reflected in the financial statements as Depreciation, which amortizes the cost of an asset over its expected useful life.

Summarized Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2019 and 2018 are as follows:

Revenues	**FY 2019**	**FY 2018**
Operating Revenues:		
Student Tuition and Fees, Net	$ 13,493,896	$ 13,945,595
Federal Grants and Contracts	2,367,709	6,603,455
State Grants and Contracts	3,081,666	2,855,415
Local Grants and Contracts	180,404	78,952
Private Grants and Contracts	4,053,702	3,757,538
Sales and Services	1,531,416	1,801,373
Auxiliary Enterprises	7,045,103	7,747,893
Other Sources	2,552,685	2,431,961
Total Operating Revenues	34,306,581	39,222,182

	FY 2019	FY 2018
Expenses		
Operating Expenses:		
Instruction	28,499,429	15,564,582
Public Service	10,591,314	11,927,933
Academic Support	8,642,661	7,329,381
Student Services	11,358,800	9,320,170
Institutional Support	15,035,839	11,852,677
Operation and Maintenance of Plant	7,486,291	6,209,691
Scholarships and Fellowships	7,069,146	8,072,690
Auxiliary Enterprises	7,487,754	8,353,870
Other	2,613,358	3,447,345
Depreciation	7,741,696	8,205,412
Total Operating Expenses	106,526,288	90,283,751
Operating Loss	(72,219,707)	(51,061,569)
Nonoperating Revenues (Expenses)		
State Share of Instruction	29,569,294	29,140,026
State Capital Appropriations	5,870,833	2,207,209
Local Appropriations	25,761,628	25,564,821
Federal Grants and Contracts	14,336,249	15,594,744
State Grants and Contracts	169,363	142,659
Gifts	6,520	5,500
Investment Income, Net	1,341,081	554,234
Interest on Debt	(2,545,306)	(2,614,452)
Gain on Asset Disposal	188,859	17,764
Other Nonoperating Revenue (Expense)	(338)	306,257
Net Nonoperating Revenues	74,698,183	70,918,762
Increase in Net Position	2,478,476	19,857,193
Net Position		
Net Position at Beginning of Year	83,858,065	64,000,872
Net Position at End of Year	$ 86,336,541	$ 83,858,065

The most significant change in Operating Expenses is related to net pension liability, deferred inflows and deferred outflows and pension expense under GASB No. 68, which was an expense of $6.6 million during fiscal year 2019 compared to an expense recovery of $16.4 million in fiscal year 2018. Another way to analyze Operating Expenses is to exclude the effects of both GASB No. 68 (pensions) and GASB No. 75 (OPEB) from Operating Expenses, as shown below.

Comparison of Operating Expenses Excluding GASB 68 and GASB 75

	FY 2019 Operating Expenses Under GASB 68 and 75	Adjustment for OPEB Expense Recovery Under GASB 75	Adjustment for Pension Expense Under GASB 68	FY 2019 Expenses Excluding GASB 68 and 75
Operating Expenses:				
Instruction	$ 28,499,429	$ 6,022,922	$ (1,245,556)	$ 33,276,795
Public Service	10,591,314	(91,232)	(940,809)	9,559,273
Academic Support	8,642,661	(80,708)	(898,263)	7,663,690
Student Services	11,358,800	(314,330)	(1,475,096)	9,569,374
Institutional Support	15,035,839	(473,478)	(1,768,165)	12,794,196
Operation and Maintenance of Plant	7,486,291	(73,802)	(271,661)	7,140,828
Scholarships and Fellowships	7,069,146			7,069,146
Auxiliary Enterprises	7,487,754	-	-	7,487,754
Other	2,613,358	-	-	2,613,358
Depreciation	7,741,696	-	-	7,741,696
Total Operating Expenses	$ 106,526,288	$ 4,989,372	$ (6,599,550)	$ 104,916,110

	FY 2018 Operating Expenses Under GASB 68 and 75	Adjustment for OPEB Expense Recovery Under GASB 75	Adjustment for Pension Expense Recovery Under GASB 68	FY 2018 Expenses Excluding GASB 68 and 75
Operating Expenses:				
Instruction	$ 15,564,582	$ 183,611	$ 17,855,915	$ 33,604,108
Public Service	11,927,933	152,693	18,626	12,099,252
Academic Support	7,329,381	151,727	(238,743)	7,242,365
Student Services	9,320,170	215,726	(397,764)	9,138,132
Institutional Support	11,852,677	247,803	(711,662)	11,388,818
Operation and Maintenance of Plant	6,209,691	36,114	(105,191)	6,140,614
Scholarships and Fellowships	8,072,690	-	-	8,072,690
Auxiliary Enterprises	8,353,870	-	-	8,353,870
Other	3,447,345	-	-	3,447,345
Depreciation	8,205,412	-	-	8,205,412
Total Operating Expenses	$ 90,283,751	$ 987,674	$ 16,421,181	$ 107,692,606

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

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

- Student tuition and fees, net of discount, decreased due to lower total enrollment, and increased College Credit Plus enrollment.
- The College experienced a decrease in federal grants and contracts revenue related to the end of the TAACCCT and Weld-Ed grant programs. The College received notice of new awards in Fall, 2019.
- Auxiliary revenue decreased due to lower enrollment and textbook affordability measures encouraged by the Ohio Department of Higher Education.

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

- Public Service expenses decreased related to the end of the TAACCCT grant during the year, partially offset by the net book value of the CLE building transferred to the County during the year, to support the community collaborative program to curb the drug epidemic prevalent in Lorain County.
- Student Services increased related to the addition of Career and Academic Advisement Professionals to support student success measures.
- Institutional Support expenses increased related to ongoing efforts to implement a new Cloud ERP system, including conversion and training costs and an increase in marketing.
- Operation and Maintenance of Plant increased due to an increase in building, grounds and parking repairs and maintenance, janitorial services and minor improvements across the campuses.
- Scholarships and Fellowships decreased related to changes in enrollment.
- Auxiliary expenses decreased as enrollment declined.
- Other expenses, consisting of non-capital moveable equipment, computers, furniture and related purchases decreased during the year.

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

- State Share of Instruction increased related to the allocation of funding based on performance (completion and success points).
- State appropriations for capital projects increased.
- Reduced enrollment resulted in decreased PELL and SEOG funding for scholarships.

<u>Statement of Cash Flows</u>

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing and investing activities, and helps measure ability to meet financial obligations as they mature. A summary of the statement of cash flows for the years ended June 30, 2019 and 2018 is as follows:

	FY 2019	FY 2018
Net cash provided (used) by:		
Operating activities	$ (60,130,453)	$ (55,958,149)
Noncapital financing activities	68,961,861	70,232,397
Capital financing activities	(8,112,814)	(10,792,710)
Investing activities	4,943,095	(3,642,071)
Net increase (decrease) in cash and cash equivalents	5,661,689	(160,533)
Cash and cash equivalents at beginning of year	28,818,657	28,979,190
Cash and cash equivalents at end of year	$ 34,480,346	$ 28,818,657

Major sources of cash included State Share of Instruction $29.6 million, local appropriations $25.4 million, student tuition and fees $13.5 million, and grants and contracts $24.3 million. The largest payments were for employees ($55.2 million) and suppliers of goods and services ($32.4 million).

Operating Highlights

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

Looking Ahead

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

The ability of the College to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support, and the cost of health care, utilities, employee compensation and unfunded State and Federal mandates. The College faces significant cost pressures in the future. These relate to attracting and retaining high quality faculty and staff, managing increasing medical care and prescription drug costs, volatile energy prices, and other issues.

The College has three primary sources of revenue: levy support, tuition income and state subsidy. Lorain County voters have supported two levies that provide for campus operations and the University Partnership. The Levy supporting campus operations expires with the last collection in calendar year 2020. On September 26, 2019, the Board of Trustees authorized an official request to the Lorain County Auditor to certify the current total tax valuation of Lorain County and the total revenue that would be produced under various levy types and millage scenarios if approved in an election, with the intent to place a levy on the ballot in March 2020.

There is a direct relationship between the level of State support and the College's ability to maintain tuition growth, as declines in State appropriations generally result in increased tuition levels.

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

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

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Department of Higher Education, our citizens, taxpayers, creditors, and other interested parties with a general overview of the College's financial position and to show the College's accountability for the money it received. This report is proof of our commitment to quality education, our ability to confront challenges, and our dedication to meeting the needs of our customers. If you have any questions about this report or need additional financial information, please contact the following:

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

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Net Position

June 30, 2019

	Primary Institution: Lorain County Community College	Component Unit: Lorain County Community College Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 32,696,771	$ 787,252
Restricted Cash and Cash Equivalents	1,783,575	-
Short Term Investments	8,460,284	47,538,560
Accounts Receivable, Net	36,208,324	53,619
Unconditional Promises to Give	-	1,347,400
Prepaid Expenses	601,299	81,340
Inventories	700,976	-
Total Current Assets	80,451,229	49,808,171
Noncurrent Assets:		
Long Term Investments	11,091,481	-
Unconditional Promises to Give	-	1,587,322
Notes Receivable, Net	95,702	-
Net Pension Asset	99,854	-
Net OPEB Asset	3,064,617	-
Capital Assets, Net	173,208,770	8,702
Total Noncurrent Assets	187,560,424	1,596,024
Total Assets	$ 268,011,653	$ 51,404,195
Deferred Outflows of Resources		
Pensions	$ 22,725,711	$ -
OPEB	2,039,253	-
Loss on Refunding	2,762,203	-
Total Deferred Outflows of Resources	$ 27,527,167	$ -
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 2,889,013	$ 213,031
Accrued Liabilities	4,792,315	-
Accrued Interest Payable	206,684	-
Unearned Revenue	8,605,003	44,600
Long Term Debt - Current Portion	2,250,000	-
Compensated Absences - Current Portion	604,000	-
Total Current Liabilities	19,347,015	257,631
Noncurrent Liabilities:		
Accrued Liabilities	269,509	-
Long Term Debt	59,319,173	-
Compensated Absences	4,280,721	-
Net Pension Liability	83,356,933	-
Net OPEB Liability	19,678,098	-
Total Noncurrent Liabilities	166,904,434	-
Total Liabilities	$ 186,251,449	$ 257,631
Deferred Inflows of Resources		
Property Taxes	$ 12,150,153	$ -
Pensions	5,604,297	-
OPEB	5,196,380	-
Total Deferred Inflows of Resources	$ 22,950,830	$ -
NET POSITION		
Net investment in capital assets	$ 113,582,705	$ -
Restricted:		
Nonexpendable	-	38,849,679
Expendable	8,629,394	9,533,497
Unrestricted	(35,875,558)	2,763,388
Total Net Position	$ 86,336,541	$ 51,146,564

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

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2019

	Primary Institution	Component Unit
	Lorain County Community College	Lorain County Community College Foundation
Revenues		
Operating Revenues:		
Student Tuition and Fees (Net of Scholarship Allowances of $13,080,311)	$ 13,493,896	$ -
Federal Grants and Contracts	2,367,709	(203,909)
State Grants and Contracts	3,081,666	-
Local Grants and Contracts	180,404	-
Private Grants and Contracts	4,053,702	-
Contributions and Fundraising	-	1,460,963
Sales and Services	1,531,416	-
Auxiliary Enterprises	7,045,103	-
Other Sources	2,552,685	-
Total Operating Revenues	34,306,581	1,257,054
Expenses		
Operating Expenses:		
Instruction	28,499,429	-
Public Service	10,591,314	-
Academic Support	8,642,661	-
Student Services	11,358,800	-
Institutional Support	15,035,839	2,036,474
Operation and Maintenance of Plant	7,486,291	-
Scholarships and Fellowships	7,069,146	784,643
Auxiliary Enterprises	7,487,754	-
Other	2,613,358	577,143
Depreciation	7,741,696	5,240
Total Operating Expenses	106,526,288	3,403,500
Operating Loss	(72,219,707)	(2,146,446)
Nonoperating Revenues (Expenses)		
State Share of Instruction	29,569,294	-
State Capital Appropriations	5,870,833	-
Local Appropriations	25,761,628	-
Federal Grants and Contracts	14,336,249	-
State Grants and Contracts	169,363	-
Gifts	6,520	-
Investment Income, net	1,341,081	2,520,140
Interest on Debt	(2,545,306)	-
Gain on Asset Disposal	188,859	-
Other Nonoperating Revenue (Expense)	(338)	169,105
Net Nonoperating Revenues	74,698,183	2,689,245
Increase in Net Position	2,478,476	542,799
Net Position		
Net Position at Beginning of Year	83,858,065	50,603,765
Net Position at End of Year	$ 86,336,541	$ 51,146,564

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

LORAIN COUNTY COMMUNITY COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2019

		Year Ended June 30, 2019
Cash Flows from Operating Activities		
Tuition and Fees	$	13,503,866
Grants and Contracts		10,312,457
Payments to or on Behalf of Employees		(55,156,495)
Payments to Vendors		(32,442,489)
Auxiliary Enterprises		(442,650)
Other Receipts		4,094,858
Net Cash Used by Operating Activities		(60,130,453)
Cash Flows from Noncapital Financing Activities		
State Share of Instruction		29,569,294
Local Appropriations		25,408,322
Grants and Contracts		13,978,350
Gifts & Other		4,665
Cash Provided by Federal Direct Student Loans		8,884,177
Cash Used by Federal Direct Student Loans		(8,884,177)
Cash Provided by Agency Fund Activities		111,402
Cash Used by Agency Fund Activities		(110,172)
Net Cash Provided by Noncapital Financing Activities		68,961,861
Cash Flows from Capital Financing Activities		
Proceeds from Sale of Capital Assets		689,259
Purchases of Capital Assets		(4,104,592)
Principal Paid on Capital Debt		(2,185,000)
Interest Paid on Capital Debt		(2,512,481)
Net Cash Used by Capital Financing Activities		(8,112,814)
Cash Flows from Investing Activities		
Issuance of Noncurrent Notes Receivables		(6,862)
Purchases of Investments		(14,219,077)
Proceeds From Sales and Maturities of Investments		18,027,948
Investment Income (Net of Investment Expenses of $17,923)		1,141,086
Net Cash Provided by Investing Activities		4,943,095
Net Increase in Cash and Cash Equivalents		5,661,689
Cash and Cash Equivalents at Beginning of Year		28,818,657
Cash and Cash Equivalents at End of Year	$	34,480,346
Classification of Cash and Cash Equivalents		
Cash and Cash Equivalents	$	32,696,771
Restricted Cash and Cash Equivalents		1,783,575
Total Cash and Cash Equivalents at End of Year	$	34,480,346

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

LORAIN COUNTY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2019
(Continued)

	Year Ended June 30, 2019
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	$ (72,219,707)
Adjustments:	
Depreciation Expense	7,741,696
Loss on Transfer of Building (Non-Cash, in Operating Expenses)	1,296,583
Allowance for Uncollectible Accounts	(119,560)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,582,827
Decrease in Inventories	170,372
Decrease in Prepaid Expenses and Other Assets	50,859
Decrease in Net Pension Asset	14,087
Increase in Net OPEB Asset	(10,402,401)
Increase in Deferred Outflows - Pensions	(3,356,172)
Increase in Deferred Outflows - OPEB	(334,540)
Increase in Accounts Payable	227,388
Decrease in Accrued Liabilities	(348,509)
Decrease in Unearned Revenue	(813,562)
Increase in Compensated Absences	690,981
Increase in Net Pension Liability	14,747,195
Increase in Net OPEB Liability	2,997,185
Decrease in Deferred Inflows - Pensions	(4,805,560)
Increase in Deferred Inflows - OPEB	2,750,385
Net Cash Used by Operating Activities	$ (60,130,453)

Non-Cash Activities	
State Capital Projects Paid Directly to Vendors on Behalf of the College	$ 6,398,094
Unrealized Gain on Investments	263,663
Capital Asset Donations Received	1,520
Capital Assets Purchased on Credit	(161,743)
Amortization of Bond Premium and Deferred Loss on Refunding	(37,380)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

Lorain County Community College (the College) was established by the General Assembly of the State of Ohio in 1961 by statutory act and chartered under Chapter 3354 of the Revised Code of the State of Ohio and is governed by a board of nine trustees. As such, it is a joint venture of the State of Ohio. The College is exempt from federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income.

Lorain County Community College Foundation (Foundation) is a legally separate, tax-exempt organization supporting Lorain County Community College. The Foundation was established to foster excellence in teaching and learning by encouraging philanthropic support for students, faculty, programs and facilities of the College. As the majority of the distribution of the resources held by the Foundation is made to the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. See Note 19 for specific disclosures relating to the Foundation.

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

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

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

- **Restricted- Nonexpendable:** Net position which includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

- **Restricted - Expendable:** Net position whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Net position not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties.

The College Statement of Net Position reports $8,629,394 of restricted net position, none of which is restricted by enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of allowances for uncollectible accounts.

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

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

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

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

Unearned revenue consists primarily of amounts received in advance of an event, such as student fees and advance ticket sales related to future fiscal years.

Restricted Cash and Cash Equivalents

As of June 30, 2019, restricted cash and cash equivalents of $1,783,575 consists of the debt service funds for the Series 2011, Series 2012 and Series 2017 bonds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources include pensions, OPEB and a deferred charge on refunding bonds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include property taxes, pensions and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on the Statement of Net Position. The deferred inflows of resources related to pensions and OPEB are explained in Notes 12 and 13.

Compensated Absences

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

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

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

Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year's presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Scholarship Allowances

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

Bond Premiums and Discounts

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

Deferred Loss on Refunding

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

Accounting Pronouncements

For fiscal year 2019, the College implemented the following Governmental Accounting Standards and Implementation Guides issued by GASB:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* was issued in April 2018, with the primary objective to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The implementation of this Standard had no effect on the College's financial statements, but did result in additional disclosures as provided in Note 8.

GASB Implementation Guide No. 2018-1, *Implementation Guidance Update – 2018*, issued in May, 2018, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2018 and apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer. These changes were incorporated in the College's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

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

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017, to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement is effective for reporting periods beginning after December 15, 2018.

GASB Implementation Guide 2019-2, *Fiduciary Activities*, issued in June 2019, provides guidance that clarifies, explains or elaborates on the requirements of Statement No. 84, *Fiduciary Activities.* The requirements of this Implementation Guide are effective for reporting periods beginning after December 15, 2018 and apply to the financial statements of all state and local governments.

GASB Statement No. 87, *Leases*, was issued in June 2017, with the objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Implementation Guide No. 2019-3, *Leases*, was issued in August 2019, to provide guidance that clarifies, explains or elaborates on the requirements of Statement No. 87, *Leases*. The requirements of this Implementation Guide are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

GASB Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*, issued in April 2019, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2019 and apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer.

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

NOTE 2 – CASH AND INVESTMENTS

Legal Requirements

Statutes require the classification of monies held by the College into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the College Treasury, in commercial accounts payable or withdrawable on demand or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligations or securities issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pools (Star Ohio and Star Plus);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent (25%) of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Category 1 - Insured or collateralized with securities held by the College or by its agent in the College's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the College's name.

Category 3 - Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the College's name.)

The carrying amount of the College's deposits included in cash and cash equivalents is $15,305,390 and the bank balance is $15,715,014. Any difference between cash carrying amount and bank balance represents normal reconciling items (outstanding checks, cash on hand, and deposits in transit). At June 30, 2019, $12,248,424 of the College's deposits were insured by FDIC (Category 1) and $3,466,590 were exposed to custodial credit risk as they were uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the College's name.

At June 30, 2019, the College had $16,110 in undeposited cash on hand, which is included in the Statement of Net Position of the College as part of cash and cash equivalents.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

The College held $16,373,829 in State Treasury Asset Reserve of Ohio (STAR Ohio) investments and $2,502,447 in STAR Plus investments at June 30, 2019. STAR Ohio is an investment pool managed and administered by the State Treasurer's Office which allows subdivisions within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. STAR Ohio applies GASB Statement No. 72, *Fair Value Measurement and Application,* which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Since STAR Ohio qualifies for reporting at amortized cost under GASB Statement No. 79, the applicability of GASB Statement No. 72 is limited to the disclosures referenced within GASB Statement No. 79. The fair value of the College's position in the pool is the same as the value of its pool share.

STAR Plus is a cash management option developed in partnership with and endorsed by the State Treasurer of Ohio and administered by Public Funds Administrators (PFA), an Ohio business. STAR Plus allows political subdivisions within the State to deposit funds into a single account, which in turn will be deposited through the Federally Insured Cash Account (FICA) program into multiple banks so the amounts that a single participant has on deposit in any single bank through STAR Plus will never exceed the FDIC insurance maximum. In order to participate, Ohio political subdivisions must have a STAR Ohio account. STAR Plus is not a mutual fund or pooled account; instead, each account is a separately managed account in which the participant directly owns the bank deposits made on its behalf. The fair value of the College's position in the pool is the same as the value of its pool share.

STAR Ohio and STAR Plus investments are not required to be categorized in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*. All other investments are Category 2. The following summarizes the fair market value of investments as of June 30, 2019:

	June 30, 2019		
	Market	Investment Maturities	
Description	Value	Less than 1 year	1-5 years
STAR Ohio	$ 16,373,829	$ 16,373,829	$ -
STAR Plus	2,502,447	2,502,447	-
US government obligations	17,304,374	6,212,893	11,091,481
Commercial paper	2,247,391	2,247,391	-
Money market funds	282,570	282,570	-
Total Investments	$ 38,710,611	$ 27,619,130	$ 11,091,481

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Legal Requirements (Continued)

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

Credit Risk- Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest or the failure of the issuer to make timely payments of principal. Eligible investments affected by credit risk include certificates of deposit, commercial paper, and bankers' acceptances. The College had $12,233,997 in certificates of deposit (of which $11,998,424 was insured by the FDIC) and $2,247,391 in commercial paper as of June 30, 2019. Credit risk is minimized by (1) diversifying assets by issuer, (2) ensuring that minimum credit ratings exist prior to the purchase of commercial paper and bankers' acceptances, and (3) maintaining adequate collateralization of certificates of deposit.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2019, STAR Ohio/STAR Plus, US government obligations, commercial paper and money market funds represent 48.8%, 44.7%, 5.8%, and 0.7%, respectively, of the College's total investments of $38,710,611.

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

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

As of June 30, 2019, the College's bank balance of $15,715,014 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

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

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

NOTE 3 – FAIR VALUE MEASUREMENTS

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

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

The College has the following assets measured at fair value as of June 30, 2019:

		Fair Value Measurement		
	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
US government obligations	$ 17,304,374	$ -	$ 17,304,374	$ -
Commercial paper	2,247,391	-	2,247,391	-
Total investments by fair value level	$ 19,551,765	$ -	$ 19,551,765	$ -

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

Short term investments included in cash and cash equivalents in the Statement of Net Position at June 30, 2019 includes:

STAR Ohio	$ 16,373,829
STAR Plus	2,502,447
Money market funds	282,570
Short term investment included in cash and cash equivalent	$ 19,158,846

The investment in STAR Ohio is measured at amortized cost and therefore is not included in the fair value measurement table above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million per day. Transactions in all of a participant's accounts of the STAR Ohio investor will be combined for these purposes.

The investment in STAR Plus is not a mutual fund or pooled account; funds are deposited with a single, eligible public depository, or custodian, and those funds are subsequently deposited into other banks in amounts that do not exceed the FDIC insurance limit per bank.

STAR Plus is only open to participants that are subdivisions of the State of Ohio or are otherwise permitted to invest in STAR Ohio. Participants must have a STAR Ohio account in order to participate. Withdrawals from STAR Plus may be made twice per week, on Monday and Wednesday (the next business day, if Monday or Wednesday is a holiday). All withdrawals must be made to an existing STAR Ohio account. Once a request is processed, proceeds are deposited directly into the participant's STAR Ohio account within two business days of the withdrawal deadline, and are available in the participant's STAR Ohio account within three business days after the withdrawal deadline.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Investment Income, Net in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2019 consisted of the following:

Interest Income	$	1,044,773
Realized gain		50,568
Net unrealized gain		263,663
Investment expenses		(17,923)
Investment Income, Net	$	1,341,081

NOTE 4 – RECEIVABLES

The composition of Accounts Receivable, Net as of June 30, 2019 is summarized as follows:

Student accounts	$	17,602,177
Local appropriations		24,378,769
Government agencies		2,310,338
Other		2,054,848
Total accounts receivable		46,346,132
Less allowance for uncollectible accounts		(10,137,808)
Accounts Receivable, Net	$	36,208,324

The composition of Notes Receivable, Net at June 30, 2019 is summarized as follows:

Student emergency loan notes receivable	$	22,467
Employee computer purchases notes receivable		80,883
Total notes receivable		103,350
Less allowance for uncollectible accounts		(7,648)
Notes Receivable, Net	$	95,702

NOTE 5 – LOCAL APPROPRIATIONS

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

The 1.8 mill levy was approved in November 2010, and expires with the last collection in calendar year 2020. On September 26, 2019, the Board of Trustees authorized an official request to the Lorain County Auditor to certify the current total tax valuation of Lorain County and the total revenue that would be produced under various levy types and millage scenarios if approved in an election, with the intent to place a levy on the ballot in March 2020.

The second levy, approved in November 2013, consists of a 1.5 mill renewal and 0.6 mill increase and expires with the last collection in calendar year 2023. This second levy replaced a 1.5 mill levy approved in November 2004.

NOTE 5 – LOCAL APPROPRIATIONS (Continued)

Property taxes include amounts levied against all real and public utility property located in Lorain County. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes, levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, levied after April 1, 2018, and collected in 2019 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the College. First-half tax collections are received by the College in the second half of the fiscal year. Second-half tax collections occur in the first half of the following fiscal year, and are reflected in Accounts Receivable, Net in the Statement of Net Position. Second-half tax collections are available to finance fiscal year 2019 operations.

Accrued property taxes receivable includes real and public utility property taxes and outstanding delinquencies that are measurable as of June 30, 2019, and for which there is an enforceable legal claim. The remaining portion of the receivable is offset by Deferred Inflows of Resources, Property Taxes, in the Statement of Net Position.

NOTE 6 – TAX ABATEMENTS

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

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

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

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

NOTE 6 – TAX ABATEMENTS (Continued)

The following table summarizes tax abatements for the ended June 30, 2019.

Tax Abatement Program		Taxes Abated
Community Reinvestment Area (CRA)		
City of Avon Lake	$	52,379
City of Elyria		18,453
City of Lorain		25,569
City of North Ridgeville		5,365
Grafton Village		731
LaGrange Village		11,872
Wellingon Township/Wellington Village		1,781
Total Community Reinvestment Area (CRA)		116,150
Enterprise Zone		
City of Avon		15,117
City of Elyria		3,534
City of Oberlin		734
Brownhelm Township/City of Vermilion		1,034
Sheffield Township		5,721
Sheffield Village		806
Total Enterprise Zone		26,946
Total Tax Abatements	$	143,096

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Retirements and Reclassified	Ending Balance
Non-Depreciable Capital Assets:				
Land	$ 3,267,771	$ -	$ (528,753)	$ 2,739,018
Construction in Progress	11,115,955	2,908,092	(8,742,696)	5,281,351
Total Non-Depreciable Capital Assets:	14,383,726	2,908,092	(9,271,449)	8,020,369
Depreciable Capital Assets:				
Improvements	24,052,995	364,130	-	24,417,125
Buildings	223,816,085	428,867	6,164,705	230,409,657
Leasehold Improvements	845,081	-	-	845,081
Indisputable Right of Use	462,202	-	-	462,202
Equipment	34,266,531	4,813,494	(52,659)	39,027,366
Software	7,020,233	1,847,481	514,049	9,381,763
Total Depreciable Capital Assets:	290,463,127	7,453,972	6,626,095	304,543,194
Less Accumulated Depreciation:				
Improvements	(19,941,772)	(468,217)	-	(20,409,989)
Buildings	(78,878,926)	(4,899,307)	477,168	(83,301,065)
Leasehold Improvements	(831,935)	(10,576)	-	(842,511)
Indisputable Right of Use	(462,202)	-	-	(462,202)
Equipment	(26,653,217)	(1,566,462)	351,600	(27,868,079)
Software	(5,673,813)	(797,134)	-	(6,470,947)
Total Accumulated Depreciation	(132,441,865)	(7,741,696)	828,768	(139,354,793)
Depreciable Capital Assets, Net	158,021,262	(287,724)	7,454,863	165,188,401
Total Capital Assets, Net	$ 172,404,988	$ 2,620,368	$ (1,816,586)	$ 173,208,770

Lorain County (County), in partnership with entities such as the Drug Enforcement Agency, the Lorain County Drug Task Force, the Lorain County Sherriff's Office, local law enforcement agencies and others, is facilitating a community collaborative program to curb the drug epidemic (Program) prevalent in Lorain County. In October 2017, the College entered into an agreement with Lorain County (a body of corporate and politic), to transfer the Center for Leadership in Education (CLE) building to the County in support of the Program.

LCCC's Board of Trustees determined that 1) LCCC no longer had use for the Building; 2) the deferred maintenance and ongoing operational costs of the building exceeded the potential value to LCCC; 3) the Building was not needed to advance LCCC's program and mission; and 4) the Program was in alignment with LCCC's strategic plan and mission.

Title to the property transferred from Lorain County Community College to the County in October 2018. The College recognized the transfer as a reduction in 2019 net position and realized a net loss of $1,296,583. The net loss is included in Operating Expenses, Public Service in the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 7 – CAPITAL ASSETS (Continued)

In September 2016, the College entered into an agreement with the Board of Park Commissioners, Lorain County Metropolitan Park District, to sell approximately 204 acres of vacant land in the City of North Ridgeville, Lorain County, Ohio, for $691,500 less specified closing costs applicable to the seller (Lorain County Community College). Title to the property transferred to the Board of Commissioners, Lorain County Metropolitan Park District in November 2018, for net proceeds of $689,259. The College recognized a net gain of $169,259, included in Nonoperating Revenues, Gain on Asset Disposal, in the Statement of Revenues, Expenses and Changes in Net Position.

On July 31, 2019, the College entered into a tax-exempt lease-purchase agreement with Signature Public Funding Corp. to finance certain energy conservation improvements. The scheduled lease term is for a period of sixteen years, with a principal component of $16,324,388 and an interest rate of 3.18%. The improvements are estimated to be completed within a two year period. Energy savings are contractually-guaranteed to offset the costs of the projects and related financing.

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term Debt Obligations:					
Direct Placement Bonds					
General Receipts Bonds, 2014	$ 2,800,000	$ -	$ 410,000	$ 2,390,000	$ 415,000
General Obligation Bonds					
General Receipts Bonds, 2011	15,205,000	-	670,000	14,535,000	690,000
General Receipts Bonds, 2012	22,795,000	-	440,000	22,355,000	455,000
General Receipts Bonds, 2017	20,805,000	-	665,000	20,140,000	690,000
Premium on Bonds	2,280,220	-	131,047	2,149,173	-
Total Long-term Debt Obligations	$ 63,885,220	$ -	$ 2,316,047	$ 61,569,173	$ 2,250,000
Net Pension Liability:					
OPERS	23,933,394	17,489,271	-	41,422,665	-
STRS	44,676,344	-	2,742,076	41,934,268	-
Total Net Pension Liability	$ 68,609,738	$ 17,489,271	$ 2,742,076	$ 83,356,933	$ -
Net OPEB Liability:					
OPERS	16,680,913	2,997,185	-	19,678,098	-
STRS	7,337,784	-	7,337,784	-	-
Total Net OPEB Liability	$ 24,018,697	$ 2,997,185	$ 7,337,784	$ 19,678,098	$ -
Other Noncurrent Obligations:					
Early Retirement Incentive included in Accrued Liabilities	1,066,414	-	575,869	490,545	221,036
Compensated Absences	4,193,740	1,192,624	501,643	4,884,721	604,000
Total Noncurrent Obligations	$ 5,260,154	$ 1,192,624	$ 1,077,512	$ 5,375,266	$ 825,036
Total Noncurrent Liabilities	$ 161,773,809	$ 21,679,080	$ 13,473,419	$ 169,979,470	$ 3,075,036

NOTE 8 – NONCURRENT LIABILITIES (Continued)

Direct Placement Bonds

Series 2004 and Series 2014 Bond Issues

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

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

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

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

Years Ended June 30:	Series 2014 Bonds Principal	Interest	Total
FY 2020	$ 415,000	$ 50,096	$ 465,096
FY 2021	425,000	40,953	465,953
FY 2022	430,000	31,591	461,591
FY 2023	440,000	22,119	462,119
FY 2024	450,000	12,428	462,428
FY 2025-29	230,000	2,519	232,519
Total	$ 2,390,000	$ 159,706	$ 2,549,706

General Obligation Bonds

Series 2011 Bond Issue

In July 2011, the College issued Series 2011 bonds totaling $39,990,000 with an AIC rate of 4.75% and repayment over a period of 30 years. The proceeds were used to finance (i) renovation of the i-Loft building on the Elyria campus for use of classrooms and housing the Social Services and Human Services Division of the College, (ii) construction of a new two-story building on the Elyria campus to house academic classrooms and labs for curricula in culinary arts, digital arts and broadcasting, and (iii) construction of a new outreach center in North Ridgeville.

In May 2017, the College issued $21,450,000 of Series 2017 Bonds to refund $21,100,000 of Series 2011 Bonds maturing on and after December 1, 2032.

NOTE 8 – NONCURRENT LIABILITIES (Continued)

Series 2011 Bond Issue (Continued)

Principal and interest payments on un-refunded Series 2011 bonds are due as follows:

Years Ended June 30:	Series 2011 Bonds Principal	Interest	Total
FY 2020	$ 690,000	$ 630,931	$ 1,320,931
FY 2021	695,000	603,231	1,298,231
FY 2022	725,000	576,644	1,301,644
FY 2023	765,000	544,831	1,309,831
FY 2024	795,000	505,831	1,300,831
FY 2025-29	6,035,000	1,844,441	7,879,441
FY 2030-34	4,830,000	333,781	5,163,781
Total	$ 14,535,000	$ 5,039,690	$ 19,574,690

Series 2012 Bond Issue

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

Principal and interest payments on Series 2012 bonds are due as follows:

Years Ended June 30:	Series 2012 Bonds Principal	Interest	Total
FY 2020	$ 455,000	$ 888,938	$ 1,343,938
FY 2021	480,000	877,263	1,357,263
FY 2022	620,000	864,750	1,484,750
FY 2023	655,000	846,744	1,501,744
FY 2024	680,000	817,400	1,497,400
FY 2025-29	3,935,000	3,576,663	7,511,663
FY 2030-34	4,810,000	2,688,800	7,498,800
FY 2035-39	5,870,000	1,635,000	7,505,000
FY 2040-43	4,850,000	395,200	5,245,200
Total	$ 22,355,000	$ 12,590,758	$ 34,945,758

NOTE 8 – NONCURRENT LIABILITIES (Continued)

Series 2017 Bond Issue

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

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

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

	Series 2017 Bonds		
Years Ended June 30:	Principal	Interest	Total
FY 2020	$ 690,000	$ 877,750	$ 1,567,750
FY 2021	725,000	849,450	1,574,450
FY 2022	625,000	822,450	1,447,450
FY 2023	625,000	797,450	1,422,450
FY 2024	665,000	771,650	1,436,650
FY 2025-29	4,545,000	3,316,650	7,861,650
FY 2030-34	8,630,000	2,200,325	10,830,325
FY 2035-39	3,635,000	105,450	3,740,450
Total	$ 20,140,000	$ 9,741,175	$ 29,881,175

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

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

NOTE 8 – NONCURRENT LIABILITIES (Continued)

Total principal and interest remaining to be paid on direct placement and general obligation bonds is $86,951,329 as detailed below.

Years Ended June 30:	Principal	Interest	Total
FY 2020	$ 2,250,000	$ 2,447,715	$ 4,697,715
FY 2021	2,325,000	2,370,897	4,695,897
FY 2022	2,400,000	2,295,435	4,695,435
FY 2023	2,485,000	2,211,144	4,696,144
FY 2024	2,590,000	2,107,309	4,697,309
FY 2025-29	14,745,000	8,740,273	23,485,273
FY 2030-34	18,270,000	5,222,906	23,492,906
FY 2035-39	9,505,000	1,740,450	11,245,450
FY 2040-43	4,850,000	395,200	5,245,200
Total	$ 59,420,000	$ 27,531,329	$ 86,951,329

Interest paid during the fiscal year ended June 30, 2019 amounted to $2,512,481.

On September 26, 2019, the Board of Trustees authorized the issuance of general receipts bonds in a maximum aggregate principal amount not to exceed $36,890,000, for the purpose of refunding all or a portion of the College's outstanding Series 2011 and Series 2012 general receipts bonds and paying costs of issuance of such bonds. The issuance date of the refunding bonds shall be not later than June 30, 2020.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made by the College. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

NOTE 9 – EARLY RETIREMENT INCENTIVE

The College follows GASB Statement No. 47, *Accounting for Termination Benefits*. The College Board of Trustees approved a one-time Early Retirement Incentive program (ERI) in 1997. In spring of 1999, the College Board of Trustees approved a second ERI available to all employees who had accrued 20 or more years of service at the College and qualify for and retire under either the STRS or OPERS, with specified service credit and age criteria. The second ERI program was effective for the period beginning May 31, 1999, ended June 30, 2009. Individuals who qualified and elected the ERI had the option of selecting a ten-year annuity incentive payment or a lump sum payment of one-half of the total annuity value that would have accumulated in the ten-year annuity option. The undiscounted future benefit payments were based on the employees' annual salary at the time of retirement. Accordingly, $24,022 of termination benefits are included in current accrued liabilities as of June 30, 2019. Early retirement incentive payments of $69,308 were made during the current fiscal year.

NOTE 9 – EARLY RETIREMENT INCENTIVE (Continued)

In 2012, the College Board of Trustees approved a third ERI program that was effective for non-faculty employees for the period beginning October 1, 2012 ended December 30, 2012. Individuals who qualified and elected the ERI receive an annuity incentive payment to an IRS 403(b) retirement fund which was paid quarterly over a period of five years. Final payments for the third ERI were paid in fiscal year 2018.

In fall 2017, the College Board of Trustees approved a fourth ERI program, available to both faculty and staff employees who had accrued 20 or more years of service at the College and who elected to retire by June 30, 2018. This ERI program was effective for the period beginning October 15, 2017 for faculty retirees, and beginning December 17, 2017 for staff retirees; both ended June 30, 2018. Benefit calculations and distribution of payment are as follows:

Faculty ERI Calculation
20 < 25 years of service-50% of 2017/2018 base salary
25 < 30 years of service-65% of 2017/2018 base salary
30 or more years of service-80% of 2017/2018 base salary
Benefit distribution will be made in January 2019 of up to $50,000 and if necessary a second payment of up to $50,000 in January 2020.

Staff ERI Calculation
20 - 30 years of service- between 32.5% and 65% of their current salary on a pro-rated scale, based on total number of years, with a cap of 65% of salary occurring at 30 years.
30 or more years of service will receive one-half of the maximum ERI, 32.5% of salary
Benefit distribution will be made annually to each participant's 403(b) special payment plan account over a four year period starting January, 2019 and ending January, 2022

The undiscounted future benefit payments were based on the employees' annual salary at the time of retirement. Accordingly, $466,523 of termination benefits is included in liabilities as of June 30, 2019, of which $197,014 is included in current accrued liabilities. Early retirement incentive payments of $467,728 were made during the current fiscal year.

NOTE 10 – COMPENSATED ABSENCES

The College follows GASB Statement No. 16, *Accounting for Compensated Absences,* when recording its compensated absences liability.

The College has accrued a liability for all accumulated vacation and Earned Time Off (ETO) hours, as well as contractual compensated absence balances for certain administrators. The liability for sick leave is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the financial statement date, and on leave balances accumulated for other employees who are expected to become eligible in the future to receive such payments. Included in the compensated absences liability is an amount accrued for salary-related fringe benefits (the employer's share of Medicare taxes).

NOTE 11– STATE SUPPORT

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

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension / OPEB Liability (Asset)

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

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension / OPEB Liability (Continued)

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required contribution outstanding at the end of the year is included in accrued liabilities. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over the member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Benefits in the Combined plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined plan is the same as the Traditional pension plan.

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

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

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

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

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2019 for the Traditional and Combined plans. The portion of employer contributions allocated to health care for members in the Member-Direct plan was 4.0% for 2019. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. In 2019, the College's contractually required contribution, net of postemployment health care benefits, was $1,487,148. Of this amount, $210,187 is reported as an accrued liability at June 30, 2019.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – College licensed teachers and other faculty members participate in State Teachers Retirement System Ohio (STRS), 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, payable for life, based on the average of the member's five highest years of earnings multiplied by 2.2% for each year of credited service. For July 1, 2015 and earlier, the annual allowance is determined by multiplying final average salary (average of three highest years of earnings) by 2.2% for the first 30 years of credited service. Each year over 30 years is incrementally increased by 0.1% starting at 2.5% for the 31st year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5%, and each year over 31 years is incrementally increased by 0.1% starting at 2.6% for the 32nd year. Effective August 1, 2017 through July 1, 2019 members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The DC Plan benefits are established under Chapter 3307.80 to 3307.89 of the Ohio Revised Code. 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 help offset 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. Employer contributions into member accounts are vested after the first anniversary of the first day of paid service. Members vest 20% per year in employer contributions and all gains and losses on those contributions. Members who become disabled are entitled only to their account balances. The member's beneficiary is entitled to receive the member's account balance should he/she die before retirement benefits begin.

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 the remaining amount is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1.0% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of 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 bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 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 to apply for disability benefits.

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

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their date of hire to select a retirement plan. For employees who select an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 4.47% of payroll in fiscal year 2019.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019 the employer rate was 14% and the plan members were also required to contribute 14% of covered salary.

The College's contractually required contributions to STRS was $2,990,823 for fiscal year 2019. Of this amount, $3,799 is reported as an accrued liability at June 30, 2019.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability was measured as of December 31, 2018 for OPERS and June 30, 2018 for STRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 (OPERS) and July 1, 2018 (STRS), respectively. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense at June 30, 2019:

	OPERS Traditional	OPERS Combined	STRS	Total
Proportion of the net pension liability/asset current measurement date	0.151244%	0.089298%	0.190716%	
Proportion of the net pension liability/asset prior measurement date	0.152558%	0.083699%	0.188070%	
Change in Proportionate Share	(0.001314%)	0.005599%	0.002646%	
Proportionate share of the net pension liability	$ 41,422,665	$ -	$ 41,934,268	$ 83,356,933
Proportionate share of the net pension asset	$ -	$ 99,854	$ -	$ 99,854
Pension Expense	$ 7,948,793	$ 1,246	$ 3,127,482	$ 11,077,521

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

At June 30, 2019, the College reported deferred outflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	STRS	Total
Deferred Outflows of Resources				
College contributions subsequent to the measurement date	$ 1,459,848	$ 27,300	$ 2,990,823	$ 4,477,971
Net difference between projected and actual earnings on pension plan investments	5,622,215	21,510	-	5,643,725
Differences in employer contributions and change in proportionate share	189,077	14,497	370,770	574,344
Differences between expected and actual experience	1,910	-	967,971	969,881
Change in assumptions	3,605,945	22,302	7,431,543	11,059,790
Total deferred outflows of resources	$ 10,878,995	$ 85,609	$ 11,761,107	$ 22,725,711

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

At June 30, 2019, the College reported deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	STRS	Total
Deferred Inflows of Resources				
Differences in employer contributions and change in proportionate share	$ 154,746	$ 4,586	$ 2,043,575	$ 2,202,907
Net difference between projected and actual earnings on pension plan investments	-	-	2,542,848	2,542,848
Differences between expected and actual experience	543,903	40,783	273,856	858,542
Total deferred inflows of resources	$ 698,649	$ 45,369	$ 4,860,279	$ 5,604,297

The $4,477,971 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

	OPERS Traditional	OPERS Combined	STRS	Total
Fiscal Year Ending June 30:				
2020	$ 3,843,766	$ 5,030	$ 2,751,527	$ 6,600,323
2021	1,740,413	733	1,655,664	3,396,810
2022	521,575	1,186	(45,859)	476,902
2023	2,614,744	7,921	(451,327)	2,171,338
2024	-	(922)	-	(922)
Thereafter	-	(1,008)	-	(1,008)
Total	$ 8,720,498	$ 12,940	$ 3,910,005	$ 12,643,443

Actuarial Assumptions – OPERS

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

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	OPERS Traditional	OPERS Combined
Valuation Date	December 31, 2018	December 31, 2018
Experience Study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (includes 3.25% inflation)	3.25% to 8.25% (includes 3.25% inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple through 2018 then 2.15% Simple

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2015 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional plan, the defined benefit component of the Combined plan and the annuitized accounts of the Member-Directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for changing amounts actually invested for the Defined Benefit portfolio was a loss of 2.94% for 2018.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00%	5.95%

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability 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 7.2%, 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 (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Traditional Plan			
College's proportionate share of net pension liability	$ 61,193,322	$ 41,422,665	$ 24,993,071
Combined Plan			
College's proportionate share of net pension asset	$ 33,040	$ 99,854	$ 148,235

Assumption Changes Since the Prior Measurement Date: In October 2018, the OPERS Board voted to lower the investment return assumption for its defined benefit fund from 7.5% to 7.2%.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS

Key actuarial assumptions used in the June 30, 2019 valuations were based on prior year measurement dates of June 30, 2018. The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2018
Wage inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%

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

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

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 include the real rate of return and inflation of 2.25%, and 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.

**Target weights will be phased in over a 24-month period concluding on July 1, 2019.

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates 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 Ohio's 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.

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:

	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of net pension liability	$ 61,239,477	$ 41,934,268	$ 25,595,026

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – the Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed plan, a defined contribution plan; and the Combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. While members (College employees) may elect the Member-Directed plan, substantially all employee members are in OPERS' Traditional or Combined plans; therefore, the following disclosures focus on the Traditional and Combined plans.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement No. 75. See OPERS' CAFR referenced below for additional information.

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

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

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional pension plan and Combined plan was 0.0% during fiscal year 2019. The portion of employer contributions allocated to health care for members in the Member-Direct plan was 4.0% during fiscal year 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's contractually required contributions to OPERS health care plans was $15,776 for fiscal year 2019.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – 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 year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows / Inflows of Resources Related to OPEB

The net OPEB liabilities were measured as of December 31, 2018 for OPERS and June 30, 2018 for STRS. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 and June 30, 2018, respectively. 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.

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

	OPERS	STRS	Total
Proportion of the net OPEB liability/asset current measurement date	0.150933%	0.190716%	
Proportion of the net OPEB liability/asset prior measurement date	0.153610%	0.188070%	
Change in Proportionate Share	(0.002677%)	0.002646%	
Proportionate share of the net OPEB asset	$ -	$ 3,064,617	$ 3,064,617
Proportionate share of the net OPEB liability	$ 19,678,098	$ -	$ 19,678,098
OPEB expense (reduction of expense)	$ 1,707,544	$ (6,681,140)	$ (4,973,596)

At June 30, 2019, the College reported deferred outflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 6,664	$ 357,952	$ 364,616
Changes in assumptions	634,446	-	634,446
Net difference between projected and actual earnings on OPEB plan investments	902,125	-	902,125
Changes in proportionate share and difference in employer contributions	27,968	94,322	122,290
College contributions subsequent to the measurement date	15,776	-	15,776
Total deferred outflows of resources	$ 1,586,979	$ 452,274	$ 2,039,253

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows / Inflows of Resources Related to OPEB (Continued)

At June 30, 2019, the College reported deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 53,393	$ 178,554	$ 231,947
Change in assumptions	-	4,175,785	4,175,785
Net difference between projected and actual earnings on OPEB plan investments	-	350,108	350,108
Changes in proportionate share and difference in employer contributions	189,655	248,885	438,540
Total deferred inflows of resources	$ 243,048	$ 4,953,332	$ 5,196,380

The $15,776 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 of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 637,531	$ (812,245)	$ (174,714)
2021	90,418	(812,245)	(721,827)
2022	145,745	(812,247)	(666,502)
2023	454,461	(732,735)	(278,274)
2024	-	(704,839)	(704,839)
Thereafter	-	(626,747)	(626,747)
Total	$ 1,328,155	$ (4,501,058)	$ (3,172,903)

Actuarial Assumptions – OPERS

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

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Health Care Costs Trend Rate	10.0% initial; 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25% to 10.75%
Single Discount Rate:	
Current measurement date	3.96%
Prior measurement date	3.85%

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional pension plan, Combined plan and Member-Directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60% for 2018.

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Averages Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00%	5.16%

Discount Rate: A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the College's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease (2.96%)	Discount Rate (3.96%)	1% Increase (4.96%)
College's proportionate share of the net OPEB liability	$ 25,175,624	$ 19,678,098	$ 15,306,116

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 18,914,924	$ 19,678,098	$ 20,557,075

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

Assumption Changes Since the Prior Measurement Date: The OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6.0%. Municipal bond rate increased from 3.31% to 3.71% and the single discount rate increased from 3.85% to 3.96%. The health care cost trend rate also increased from 7.50% initial, 3.25% unlimited in 2028 to 10.00% initial, 3.25% ultimate in 2029.

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the measurement date June 30, 2018, actuarial valuation date June 30, 2018 are presented below:

Wage inflation	2.50%
Projected salary increases	12.5% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Blended discount rate of return	7.45%
Health care cost trends	-5.23% to 9.62% initial, 4.00% ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% 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, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

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

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and 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.

** Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate: The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. 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 sufficient to make all projected future benefit payments of current plan members.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate: The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB 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 assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of net OPEB asset	$ 2,626,665	$ 3,064,617	$ 3,432,698

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of net OPEB asset	$ 3,411,919	$ 3,064,617	$ 2,711,908

NOTE 13 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

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

Benefit Term Changes 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 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.

NOTE 14 – DEFINED CONTRIBUTION RETIREMENT PLAN

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the fiscal year ended June 30, 2019, contributions equal to those required by OPERS and STRS are required to be made to the ARP; however, a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution must be contributed to OPERS or STRS to enhance the stability of those plans.

For the fiscal year ended June 30, 2019, the College's required contributions for pension obligations and employee contributions to the plan were $139,833 and $101,247, respectively. As of June 30, 2019, 92.5 percent has been contributed, with the balance being reported as an accrued liability.

NOTE 15 – LITIGATION AND CONTINGENCIES

Grants

The College receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of the College administration, any such disallowed claims will not have a material effect on the College's financial statements or on the overall financial position of the College at June 30, 2019.

NOTE 15 – LITIGATION AND CONTINGENCIES (Continued)

Litigation

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

NOTE 16 – OPERATING LEASE COMMITMENTS

The College has entered into various lease agreements that are considered operating leases. Total rental expense under operating leases during the year ended June 30, 2019 amounted to $1,375,376.

Future minimum operating lease payments as of June 30, 2019, are as follows:

Years Ended June 30:	Operating Leases
2020	$ 505,162
2021	452,689
2022	41,961
2023	17,504
2024	-
	$ 1,017,316

NOTE 17 - RISK MANAGEMENT

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

The College also has self-insured health and dental coverage for its employees. The College's risk exposure is limited to claims incurred and stop-loss insurance is held. Medical Mutual of Ohio administers claims for the College. The claims liability of $1,020,848 at June 30, 2019 is included in accrued liabilities in the Statement of Net Position and is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

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

Years Ended June 30:	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	$ 1,171,254	4,372,432	(4,406,874)	$ 1,136,812
2018	$ 1,136,812	4,932,396	(4,665,750)	$ 1,403,458
2019	$ 1,403,458	4,903,420	(5,286,030)	$ 1,020,848

NOTE 18 – SUBSEQUENT EVENTS

On July 31, 2019, the College entered into a tax-exempt lease-purchase agreement with Signature Public Funding Corp. to finance certain energy conservation improvements. The scheduled lease term is for a period of 16 years, with a principal component of $16,324,388 and interest rate of 3.18%. The improvements are estimated to be completed within a two year period. Energy savings are contractually-guaranteed to offset the costs of the projects and related financing.

On September 26, 2019, the Board of Trustees authorized the issuance of general receipts bonds in a maximum aggregate principal amount not to exceed $36,890,000, for the purpose of refunding all or a portion of the College's outstanding Series 2011 and Series 2012 general receipts bonds and paying costs of issuance of such bonds. The issuance date of the refunding bonds shall be not later than June 30, 2020.

On September 26, 2019, the Board of Trustees authorized an official request to the Lorain County Auditor to certify the current total tax valuation of Lorain County and the total revenue that would be produced under various levy types and millage scenarios if approved in an election, with the intent to place a levy on the ballot in March 2020.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION

Note 1. Summary of Significant Accounting Policies

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

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

Net Assets Without Donor Restrictions
This category includes net assets not subject to donor-imposed stipulations. This category periodically includes net assets designated by the Board. At June 30, 2019 and 2018, there were board designated net assets of $2,863,093 and $2,869,658, respectively.

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

C. Change in Accounting Principle – On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The pronouncement amends certain financial reporting requirements for not-for-profit entities including revisions to classifications of net assets and expanded disclosure requirements concerning expenses and liquidity. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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

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

F. Comparative Financial Information – The financial statements include certain prior year summarized comparative financial information. Such information does not include sufficient detail to constitute a full financial statement presentation. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Investments – Investment income includes realized and unrealized gains and losses, and interest and dividends that are reported in the changes in net assets in the accompanying statement of activities.

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

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

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

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

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

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

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Fair Value Reporting (Continued)

The following is a summary of the inputs used as of June 30, 2019 and 2018 in valuing the Foundation's investments carried at fair value:

	2019			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 53,300	$ -	$ 53,300	$ -
Mutual equity funds	37,059,810	37,059,810	-	-
Mutual bond funds	10,425,450	10,425,450	-	-
	$ 47,538,560	$ 47,485,260	$ 53,300	$ -

	2018			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 50,045	$ -	$ 50,045	$ -
Mutual equity funds	35,336,745	35,336,745	-	-
Mutual bond funds	10,821,014	10,821,014	-	-
	$ 46,207,804	$ 46,157,759	$ 50,045	$ -

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

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

	2019	2018
Beginning balance	$ -	$ -
Distributions	-	(47,440)
Contributions	-	50,000
Management fee	(4,550)	(4,310)
Unrealized gain	15,841	-
Valuation allowance	(11,291)	1,750
Ending balance	$ -	$ -

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

J. Equipment and Software – Equipment and software are recorded at historical cost or fair market value in case of donation. Depreciation is recorded on the straight-line method over the useful lives of the respective assets, which generally range from three to seven years. The Foundation capitalizes all long-lived assets that cost more than $1,000 and have a useful life in excess of one year. Depreciation expense was $5,240 and $5,490 for the years ended June 30, 2019 and 2018, respectively. Accumulated depreciation at June 30, 2019 and 2018 was $33,127 and $57,602, respectively.

K. Contributions – The Foundation recognizes contributions as revenue in the period in which the pledge (unconditional promise to give) is received.

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

L. Donated Services – Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation. Note 7 to the financial statements discloses the value of services donated by the College to the Foundation during the years ended June 30, 2019 and 2018.

M. Foundation Support Fee – The Foundation allocates a 1.25% foundation support fee on net assets with donor restrictions, excluding unconditional promises to give, to provide for indirect program, general management and fundraising expenses. The total amount charged to donor-restricted net assets related to this fee was $445,847 and $418,082 for the years ended June 30, 2019 and 2018, respectively.

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

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

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

The Foundation believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. As of June 30, 2019, the Foundation's income tax years from 2015 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

P. Reclassifications – Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

Q. Subsequent Events – The Foundation has evaluated subsequent events through October 15, 2019, the date which the financial statements were available to be issued.

Note 2. Unconditional Promises to Give

Unconditional promises to give at June 30, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	$ 1,347,400	$ 971,250
Receivable in one to five years	2,650,739	3,264,700
Receivable in six to ten years	75,000	125,000
Receivable in greater than ten years	1,190,000	1,185,000
Total unconditional promises to give	5,263,139	5,545,950
Less discounts to present value	(514,699)	(576,058)
Less valuation reserves for uncollectible promises to give	(1,813,718)	(1,790,184)
Net unconditional promises to give	$ 2,934,722	$ 3,179,708

The discount rate used on long-term promises to give was 2.00% at June 30, 2019 and 2018. Pledges receivable restricted for long-term purposes of $22,500 are due in less than one year as of June 30, 2019.

The Foundation has estimated a reserve for uncollectible promises to give based upon management's review of current outstanding promises to give, current economic conditions and historical collections of $1,813,718 and $1,790,184 at June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, the Foundation directly wrote off uncollectible promises to give of $500 and $1,150, respectively. During the years ended June 30, 2019 and 2018, the Foundation recognized an increase (decrease) in the reserve for uncollectible promises to give of $23,533 and ($10,750), respectively.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 3. Investments

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

	June 30, 2019		June 30, 2018	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 53,300	$ 53,300	$ 50,045	$ 50,045
Mutual equity funds	28,536,396	37,059,810	26,043,045	35,336,745
Mutual bond funds	10,350,181	10,425,450	11,241,288	10,821,014
Limited partnership	219,560	-	219,560	-
	$ 39,159,437	$ 47,538,560	$ 37,553,938	$ 46,207,804

Investment income for the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Interest and dividends	$ 1,620,649	$ 1,370,757
Net realized and unrealized gain	985,655	2,286,533
Management fees	(86,164)	(84,060)
Total investment income	$ 2,520,140	$ 3,573,230

Mutual Capital Partners Fund Partnership

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

This programmatic relationship qualified the Foundation as an investor in the Mutual Capital Partners Fund II, an Ohio limited partnership. Payments of $250,000 have been made. During 2018, the partnership distributed $47,440. At June 30, 2019, the valuation of this investment was $263,189 but due to the speculative nature of the investment was fully reserved. The partnership's annual administrative fee was $4,550 and $4,310 for the years ended June 30, 2019 and 2018, respectively.

Note 4. Charitable Remainder Trust

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

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 5. Net Assets

In 2016, the Board of Directors of the Foundation established a board designated operating reserve for the support of ongoing activities of the Foundation. The reserve totaled $2,835,652 and $2,843,642 as of June 30, 2019 and 2018, respectively. The Board approves allocations from the operating reserve annually to fund ongoing operations.

In 2018, the Board of Directors of the Foundation established a board designated endowment from a donor's unrestricted gift. The purpose of the fund is to generate annual support for the campus grants program. The fund totaled $27,441 and $26,016 as of June 30, 2019 and 2018, respectively.

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

Net assets with donor restrictions for a specific purpose or specified time as of June 30, 2019 and 2018 were for the following purposes:

	2019	2018
Support of the College's faculty, programs, facilities and Foundation's operation	$ 7,963,620	$ 8,277,148
Innovation fund	274,248	404,142
Scholarships	1,295,629	1,211,150
Total net assets with donor restrictions for a specific purpose or specified time	$ 9,533,497	$ 9,892,440

Net assets with donor restrictions to be maintained permanently as endowments as of June 30, 2019 and 2018 were comprised of the following amounts, the earnings of which were available for the following purposes:

	2019	2018
Support of the College's faculty, programs and facilities	$ 16,780,342	$ 17,174,227
Scholarships	17,274,759	16,648,884
Operations and general support	4,794,578	4,030,537
Total net assets with donor restrictions to be maintained permanently as endowments	$ 38,849,679	$ 37,853,648

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 5. Net Assets (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or passage of time for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Support of the College's faculty, programs, facilities and Foundation's operation	$ 1,294,074	$ 839,208
Innovation fund disbursements	349,000	515,625
Scholarships	784,643	701,884
Total restrictions released	$ 2,427,717	$ 2,056,717

Note 6. Endowments

The Foundation's endowment includes 175 scholarship funds and 20 program funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also preserving the fair value of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes money market funds, mutual equity and bond funds and alternatives intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions in accordance with the Foundation's Investment and Allocation Policy of up to 4.5% of the audited June 30 trailing three year moving market value average of net assets with donor restrictions to be maintained permanently.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 6. Endowments (Continued)

Investment Return Objectives, Risk Parameters and Strategies (Continued)

By this practice, the Foundation expects its endowment assets, over time, to produce an average rate of return in excess of 6% which allows for transfers of endowed net assets in accordance with both the spending policy and foundation support fee policy, while maintaining growth within the endowment. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

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

Underwater Endowments

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

As of June 30, 2019, two donor-restricted endowment funds had aggregated original gift values totaling $231,987, current fair values totaling $223,860 and deficiencies totaling $8,127 (total deficiencies were $112,433 at June 30, 2018). Some of these deficiencies resulted from unfavorable market fluctuations that occurred during the lives of the respective endowed funds. At all times, the spending was in accordance with the Foundation's spending policy. The Foundation's Board has curtailed spending from the two affected funds until such time the time the fair value balance for each fund will rise to its corresponding original gift value or higher.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 6. Endowments (Continued)

Changes in endowment net assets as of June 30, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 26,016	$ 39,330,186	$ 39,356,202
Investment return:			
Administrative fee	388,304	(388,304)	-
Investment income, net	-	1,178,557	1,178,557
Net appreciation (realized and unrealized)	1,425	947,062	948,487
Total investment return - endowed	389,729	1,737,315	2,127,044
Contributions	-	500,962	500,962
Special events	-	62,509	62,509
Equity transfers	-	28,528	28,528
Appropriation of endowment assets for expenditure	(388,304)	(1,201,571)	(1,589,875)
Endowment net assets, end of year	$ 27,441	$ 40,457,929	$ 40,485,370

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 6. Endowments (Continued)

Changes in endowment net assets as of June 30, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 37,374,319	$ 37,374,319
Investment return:			
Administrative fee	364,475	(364,475)	-
Investment income, net	-	1,067,574	1,067,574
Net appreciation (realized and unrealized)	1,016	1,926,369	1,927,385
Total investment return - endowed	365,491	2,629,468	2,994,959
Contributions	25,000	253,513	278,513
Special events	-	18,811	18,811
Equity transfers	-	35,689	35,689
Appropriation of endowment assets for expenditure	(364,475)	(981,614)	(1,346,089)
Endowment net assets, end of year	$ 26,016	$ 39,330,186	$ 39,356,202

Note 7. Related Party

As described in Note 1, the Foundation is affiliated with, but separate from, the College. During the years ended June 30, 2019 and 2018, the College provided the Foundation with professional staffing and office support valued at $237,495 and $291,111, respectively. The value of those services is included as contributions in the financial statements and expensed on a functional basis based on the type of service provided by the employee.

During the years ended June 30, 2019 and 2018, the Foundation provided scholarships and support to the College of $2,209,467 and $1,705,943, respectively.

At June 30, 2019 and 2018, amounts due to the College and included within "accounts, support and grants payable" totaled $186,788 and $330,279, respectively.

During the years ended June 30, 2019 and 2018, the Foundation made contributions of $75,000 and $150,000, respectively, to Citizens for LCCC, and are included in support for the College. Citizens for LCCC is a non-profit political action committee organized to enhance public support for the College. These contributions fall within the mission of the Foundation as Citizens for LCCC supports the growth of the College through support for tax levies benefiting the College.

At June 30, 2019, contributions due from the College totaled $53,619.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 8. Concentrations

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

At June 30, 2019 and 2018, one donor's promise to give represented approximately 40% and 39%, respectively, of the outstanding promises to give.

Note 9. Innovation Fund Program

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

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

Awards Payable

During the years ended June 30, 2019 and 2018, the Foundation made Innovation Fund award payments of $349,000 and $515,625, respectively, to entities selected by the Innovation Fund Committee. At June 30, 2019 and 2018, the Foundation had additional unpaid awards of $180,376 and $435,976, respectively, which were considered conditional and, therefore, not included within accounts payable.

Through the life of the Innovation Fund program, the Foundation has made award commitments of $12,750,000 of which $1,100,230 has been forfeited to date. The net remaining award commitment is $180,376. These awards are expected to be paid out over the next two years once the sponsored recipients fulfill required conditions which may include completion and testing of a prototype, filing and protection of necessary patents and meeting certain financial reporting metrics. The conditional obligations are measured by Great Lakes Innovation and Development Enterprise, which monitors the recipients and reports progress of the recipients to the Foundation, which then approves payment of the conditional portion of the awards.

As these awards are conditional, no liability has been recorded at June 30, 2019 and 2018.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 9. Innovation Fund Program (Continued)

Innovation Fund Award Replenishment

The Foundation holds a right of replenishment over all Type B funds awarded.

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

The Foundation made 100 Type B Innovation Fund awards since inception of the program. Of these 100 Type B Innovation Fund awards, the Foundation holds the right of replenishment on 51 awards expiring in:

Years Ending June 30,	
2020	$ 1,998,000
2021	851,000
2022	640,000
2023	368,400
2024	216,500
2025	175,000
	$ 4,248,900

The Foundation has not recorded an estimate of funds receivable from award replenishment because the amount cannot be reasonably estimated. As such, the Foundation's ability to realize these amounts is based on the financial success of the recipients. During the years ended June 30, 2019 and 2018, the Foundation received $169,105 and $132,500, respectively, of Innovation Fund replenishment income.

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

During the year ended June 30, 2016, the Foundation accepted an offer from Vadxx Energy LLC to take an equity position in an Innovation Fund award recipient company in lieu of its $33,334 replenishment right. The Foundation accepted the offer and received 11.12 shares of restricted stock.

As the restricted stocks cannot be transferred or sold, the Foundation has not recorded an estimate of the stock's value as the amount cannot be reasonably estimated.

Grants Receivable

During the year ended June 30, 2015, the Foundation was awarded a $2,125,000 conditional grant (13-124) by the Ohio Department of Development to support the Innovation Fund. The Foundation was approved to receive the funds over a two year period from June 2015 through June 2017. During 2017, the grant was extended through December 2017. For the year ended June 30, 2018, the Foundation fulfilled the requirements pertaining to the grant and received $187,500.

NOTE 19 – LORAIN COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Note 10. Conditional Events

Grants

The Fund for Our Economic Future (the Fund) is a nonprofit tax exempt public charity which started as a pooled grant fund to dramatically improve the economic climate in Northeast Ohio by organizations with the potential to strengthen the region as a whole. Over $72 million has been raised by over 100 foundations, corporations and individuals in the Northeast Ohio region. All grant recipients of the Fund are non-profit organizations and tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Grants are awarded by the Fund based on extensive due diligence and approval by the members of the Board. The Board is comprised of representatives from member organizations contributing at least $100,000 over a three year period (phase).

The Foundation had previously made a $100,000 conditional commitment to Phase II of the Fund, all of which was paid as of November 24, 2009.

The Foundation has made a conditional commitment to Phase III of the Fund for a total of $100,000. During 2013, the Foundation made the third and final $33,333 payment toward this commitment.

The Foundation has made a conditional commitment to Phase IV of the Fund for a total of $100,000. During 2016, the Foundation made the third and final $33,333 payment toward this commitment.

The Foundation has made a conditional commitment to Phase V of the Fund for a total of $110,000. During 2018, the Foundation made the third and final payment toward this commitment in the amount of $36,000.

Note 11. Liquidity

Within the spending parameters of the annual Board approved budget, investments are positioned for liquidation within a 3 to 12 month window based on the actual timing of the projected disbursements. Spending is reviewed quarterly and the Board approves liquidations of investments as necessary and in keeping with Foundation spending policies.

Liquid financial assets available for general expenditure within one year as of June 30, 2019 are:

Cash and cash equivalents	$ 787,252
Investments	47,538,560
Amount of unconditional promises to give, net due within one year excluding amounts not dedicated to donor-restricted funds to be maintained permanently	1,324,900
Related party receivable	53,619
Total financial assets	$ 49,704,331
Less funds not available for general expenditure within one year:	
Net assets with restrictions to be maintained permanently as endowments	(40,457,929)
Financial assets available within one year for general expenditure	$ 9,246,402

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

Traditional Plan	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.151244%	0.152558%	0.148955%	0.146821%	0.145163%	0.145163%
College's Proportionate Share of the Net Pension Liability	$ 41,422,665	$ 23,933,394	$ 33,825,147	$ 25,431,247	$ 17,508,280	$ 17,112,826
College's Covered Payroll	$ 20,428,200	$ 20,160,762	$ 19,255,483	$ 18,273,283	$ 17,797,083	$ 17,111,308
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	202.77%	118.71%	175.67%	139.17%	98.38%	100.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Asset	0.089298%	0.083699%	0.102236%	0.112970%	0.128382%	0.128382%
College's Proportionate Share of the Net Pension Asset	$ (99,854)	$ (113,941)	$ (56,901)	$ (54,973)	$ (49,430)	$ (49,430)
College's Covered Payroll	$ 381,921	$ 342,785	$ 397,958	$ 411,102	$ 469,284	$ 469,284
College's Proportion of the Net Pension Asset as a Percentage of its Covered Payroll	(26.15%)	(33.24%)	(14.30%)	(13.37%)	(10.53%)	(10.53%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%	114.83%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.190716%	0.188070%	0.194585%	0.201663%	0.203107%	0.203107%
College's Proportionate Share of the Net Pension Liability	$ 41,934,268	$ 44,676,344	$ 65,133,435	$ 55,733,658	$ 49,402,593	$ 58,848,046
College's Covered Payroll	$ 21,717,839	$ 20,773,615	$ 20,578,194	$ 21,134,244	$ 22,441,815	$ 23,486,891
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	193.09%	215.06%	316.52%	263.71%	220.14%	250.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

Schedule of the College's Contributions - Pension
Ohio Public Employees Retirement System (OPERS)
Last Seven Fiscal Years (1)

Traditional Plan	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 2,888,698	$ 2,538,896	$ 2,361,613	$ 2,290,207	$ 2,106,451	$ 2,224,470	$ 2,007,232
Contributions in Relation to Contractually Required Contributions	(2,888,698)	(2,538,896)	(2,361,613)	(2,290,207)	(2,106,451)	(2,224,470)	(2,007,232)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 20,633,554	$ 18,806,637	$ 18,892,904	$ 19,085,058	$ 17,553,758	$ 17,795,760	$ 17,454,196
Contribution as a Percentage of Covered Payroll	14.00%	13.50%	12.50%	12.00%	12.00%	12.50%	11.50%

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

(1) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ 2,990,823	$ 3,031,266	$ 2,899,165	$ 2,871,806	$ 2,949,653	$ 2,909,257	$ 3,041,543	$ 3,284,798	$ 3,204,078	$ 2,969,832
Contributions in Relation to Contractually Required Contributions	(2,990,823)	(3,031,266)	(2,899,165)	(2,871,806)	(2,949,653)	(2,909,257)	(3,041,543)	(3,284,798)	(3,204,078)	(2,969,832)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$21,428,961	$21,717,839	$20,773,615	$20,578,194	$21,134,244	$22,441,815	$23,486,891	$25,358,084	$24,737,160	$22,935,268
Contribution as a Percentage of Covered Payroll	13.96%	13.96%	13.96%	13.96%	13.96%	12.96%	12.95%	12.95%	12.95%	12.95%

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017
College's Proportion of the Net OPEB Liability	0.150933%	0.153610%	0.152958%
College's Proportionate Share of the Net OPEB Liability	$ 19,678,098	$ 16,680,913	$ 15,449,312
College's Covered Payroll	$ 21,892,371	$ 21,994,305	$ 21,373,862
College's Proportion of the Net OPEB Liability as a Percentage of its Covered Payroll	89.89%	75.84%	72.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	49.90%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017
College's Proportion of the Net OPEB Liability (Asset)	0.190716%	0.188070%	0.194585%
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (3,064,617)	$ 7,337,784	$ 10,406,452
College's Covered Payroll	$ 21,717,839	$ 20,773,615	$ 20,578,194
College's Proportion of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(14.11%)	35.32%	50.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ 41,375	$ 109,972	$ 320,608	$ 413,808	$ 390,412	$ 302,871	$ 195,513	$ 775,495	$ 800,361	$ 990,925
Contributions in Relation to Contractually Required Contributions	(41,375)	(109,972)	(320,608)	(413,808)	(390,412)	(302,871)	(195,513)	(775,495)	(800,361)	(990,925)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 20,633,557	$ 21,994,305	$ 21,373,862	$ 20,690,375	$ 19,520,584	$ 20,191,406	$ 21,484,985	$ 19,833,629	$ 20,469,585	$ 20,140,743
OPEB Contribution as a Percentage of Covered Payroll	0.20%	0.50%	1.50%	2.00%	2.00%	1.50%	0.91%	3.91%	3.91%	4.92%

See accompanying notes to the required supplementary information.

LORAIN COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2019

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ 224,418	$ 234,869	$ 253,581	$ 247,372	$ 229,353
Contributions in Relation to Contractually Required Contributions	-	-	-	-	-	(224,418)	(234,869)	(253,581)	(247,372)	(229,353)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 21,428,961	$ 21,717,839	$ 20,773,615	$ 20,578,194	$ 21,134,244	$ 22,441,815	$ 23,486,891	$ 25,358,084	$ 24,737,160	$ 22,935,268
OPEB Contribution as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	1.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - OPERS

Amounts reported for fiscal year 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used prior to fiscal year 2018 are presented below for the measurement periods indicated.

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

Actuarial Information	Traditional Plan	Combined Plan
Valuation Date	December 31, 2018	December 31, 2018
Experience Study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (includes 3.25% wage inflation)	3.25% to 8.25% (includes 3.25% wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple through 2018 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2017 measurement

Actuarial Information	Traditional Plan	Combined Plan
Valuation Date	December 31, 2017	December 31, 2017
Experience Study	5 year period ended December 31, 2015	5 year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (includes 3.25@ wage inflation)	3.25% to 8.25% (includes 3.25% wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple through 2018 then 2.15% Simple

NOTE 1 – NET PENSION LIABILITY (Continued)

Changes in Assumptions – OPERS (Continued)

The 2018 measurement assumptions are reflected in the 2019 liabilities in Notes 12 and 13 and RSI tables.

For 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5% to 7.2%.

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

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

With regard to OPERS OPEB assumptions, actuarial valuations as of December 31, 2016 were rolled-forward to December 31, 2017. The assumptions used in the valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2015.

Mortality tables and rates were the same as those applied in the actuarial valuation of pensions.

NOTE 1 – NET PENSION LIABILITY (Continued)

Changes in Assumptions – STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior fiscal years are presented below:

Actuarial Information	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50%	2.75%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses including inflation	7.75%, net of investment expenses including inflation
Payroll Increases	3.0%	3.5%
Cost-of-Living Adjustments (COLA)	0.0%, effective July 1, 2017	2.0% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013, or later, 2% COLA commences on fifth anniversary of retirement date

Note 2: NET OPEB LIABILITY

Changes in Assumptions – OPERS

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

Changes in Assumptions – STRS

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

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%.

Note 2: NET OPEB LIABILITY (Continued)

Changes in Assumptions – STRS (Continued)

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements will be discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Lorain County Community College
Elyria, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lorain County 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 December 30, 2019. Our report includes a reference to other auditors who audited the financial statements of Lorain County Community College Foundation, Inc., as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

Board of Trustees
Lorain County Community College

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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 30, 2019

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees
Lorain County Community College
Elyria, Ohio

Report on Compliance for Each Major Federal Program

We have audited Lorain County 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 the College's major federal program for the year ended June 30, 2019. The College's major federal program is 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

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 its major federal program for the year ended June 30, 2019.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Board of Trustees
Lorain County Community College

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of 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. We did not audit the financial statements of Lorain County Community College Foundation, Inc., which is the only discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We issued our report thereon dated December 30, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 30, 2019

Lorain County Community College
Lorain County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ Pass Through Grantor/ Program Title	Agency or Pass Through Entity Number	Federal CFDA Number	Disbursements
United States Department of Education			
Direct from the Federal Agency			
Student Financial Assistance Cluster:			
Federal Work Study Program	P033A	84.033	$ 221,320
Federal Pell Grant Program	P063P	84.063	13,849,529
Federal Supplemental Educational Opportunity Grants	P007A	84.007	265,400
Federal Direct Student Loans	P0268K	84.268	8,884,177
Total Student Financial Assistance Cluster			23,220,426
Passed Through the Ohio Department of Education			
Career and Technical Education - Basic Grants to States	CDP-P	84.048	281,541
Adult Education National Leadership Activities	V191D	84.191	191,783
Total United States Department of Education			23,693,750
United States Department of Labor			
Trade Adjustment Assistance Community College and Career Training Grants - LCCC	N/A	17.282	444,008
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants:			
Sub-Award TAACCCT Cincinnati State Tech Community College	N/A	17.282	13,362
Sub-Award TAACCCT Columbus State Community College	N/A	17.282	61,320
Sub-Award TAACCCT Cuyahoga Community College	N/A	17.282	83,523
Sub-Award TAACCCT Eastern Gateway Community College	N/A	17.282	18,869
Sub-Award TAACCCT Lakeland Community College	N/A	17.282	58,349
Sub-Award TAACCCT Owens Community College	N/A	17.282	153,658
Sub-Award TAACCCT Rhodes State Community College	N/A	17.282	71,096
Sub-Award TAACCCT Sinclair Community College	N/A	17.282	80,860
Sub-Award TAACCCT Stark State Community College	N/A	17.282	12,844
Sub-Award TAACCCT Zane State Community College	N/A	17.282	41,396
Subtotal Sub-Award TAACCCT Grant			595,277
Total Trade Adjustment Assistance Community College and Career Training Grants			1,039,285
Passed through Mathematical Policy Research, Inc.			
Registered Apprenticeship	N/A	17.201	169
Direct from the Federal Agency			
Apprenticeship USA Grants	N/A	17.285	31,882
Total United States Department of Labor			1,071,336
National Science Foundation			
Direct from the Federal Agency			
Engineering Grants	N/A	47.041	7,383
Education and Human Resources	N/A	47.076	346,474
Total National Science Foundation			353,857
United States Small Business Administration			
Passed through Ohio Department of Communications Development			
Small Business Development Centers	SBAHQ-13-B-0011	59.037	118,616
Total United States Small Business Administration			118,616
United States Department of Commerce			
Direct from the Federal Agency			
Cluster Grants	N/A	11.020	162,800
Total United States Department of Commerce			162,800
United States Department of Defense			
Passed through Office Naval Research - American Lightweight Materials Manufacturing Innovation Institute			
Science, Technology, Engineering & Mathematics (STEM) Education, Outreach, and Workforce Program	N/A	12.330	145,394
Passed through Nextflex Flexible Hybrid Electronics Manufacturing Innovation Institute			
Air Force Defense Research Sciences Program	N/A	12.800	16,943
Passed through SD Miller and Associates P L L C			
Air Force Defense Research Sciences Program	N/A	12.800	46,788
Subtotal Air Force Defense Research Sciences Program			63,731
Total United States Department of Defense			209,125
United States Department of Agriculture			
Passed through The Ohio State University			
Higher Education - Institution Challenge Grants Program	N/A	10.217	13,935
Total United States Department of Agriculture			13,935
Total Federal Financial Assistance			$ 25,623,419

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Lorain County Community College

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Note 1: Basis of Presentation

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

Note 2: Indirect Cost Rate

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

Note 3: Federal Direct Student Loans

During the fiscal year ended June 30, 2019, the College processed new loans under the Federal Direct Student Loan Program. The amount shown in the accompanying Schedule of Expenditures of Federal Awards reflects the fiscal year amount certified by the College.

Note 4: Subrecipients

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

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

Lorain County Community College

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for the major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for the major federal programs?	No
(d)(1) (v)	Type of Major Program Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs	Student Financial Aid Cluster: CFDA # 84.033, 84.063, 84.007, 84.268
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$768,703 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None noted.

3. Findings for Federal Awards

None noted.

Lorain County Community College

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended June 30, 2019

No prior year findings or questioned costs.

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OHIO AUDITOR OF STATE
KEITH FABER

LORAIN COUNTY COMMUNITY COLLEGE

LORAIN 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
JANUARY 16, 2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
www.ohioauditor.gov