Lake County Community College District
d/b/a Lakeland Community College

Financial Report

with Supplemental Information

June 30, 2020 and June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Lake County Community College District
7700 Clocktower Drive
Kirtland, Ohio 44094

We have reviewed the *Independent Auditor's Report* of the Lake County Community College District, d/b/a Lakeland Community College, Lake County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2019 through June 30, 2020. 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 Lake County Community College District d/b/a Lakeland Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 20, 2021

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Lake County Community College District
d/b/a Lakeland Community College

Table of Contents

Table of Contents (continued)

Independent Auditor's Report

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College
Kirtland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Lake County Community College District d/b/a Lakeland Community College (the "College"), as of and for the years ended June 30, 2020 and 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

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

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 audits 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, 2020, 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, 2020

Lake County Community College District
d/b/a Lakeland Community College

Management's Discussion and Analysis (Unaudited)

The management's discussion and analysis of Lake County Community College District d/b/a Lakeland Community College's (Lakeland Community College, Lakeland, or the "College") annual financial statements provides an overview of the College's financial activities for the years ended June 30, 2020, 2019, and 2018. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

The College's annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements focus on the financial condition, the results of operations, and the impact on cash flows of the College as a whole.

One of the most important questions asked about the College's finances is whether the College as a whole is better off, or worse off, as a result of the current year's activities. The keys to understanding this question are the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of its financial health. Over time, increases or decreases in net position point out the improvement or erosion of the College's financial health when considered with nonfinancial facts (such as enrollment levels, state changes in funding, facility changes, etc.).

The statements of net position include all assets and liabilities of the College. It is prepared using the accrual basis of accounting. Revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged.

The statements of revenues, expenses, and changes in net position present the revenue earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies that state and local appropriations, as well as gifts, are treated as nonoperating revenue. Since dependency on the State of Ohio and local aid is recognized as nonoperating revenue under accounting principles generally accepted in the United States of America, a public college normally presents operating results as a deficit. The utilization of long-lived assets, primarily capital assets, is presented in the financial statements as depreciation.

Another important factor to consider when evaluating the College's financial viability is the College's ability to meet financial obligations as they mature. One measure of this factor is the College's working capital or the relationship of its current assets less its current liabilities.

The statements of cash flows present information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and investing activities and illustrates the College's sources and uses of cash.

Management's Discussion and Analysis (Unaudited) (continued)

The College adheres to GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. In that regard, The Lakeland Foundation is recognized as a discretely presented component unit due to the significant operational and financial relationships maintained with the College. The Lakeland Foundation's purpose is to support and promote excellence at the College by fundraising. It is a legally separate entity governed by its own board of directors. Discrete condensed financial information is presented on page 19 and in Notes 1 and 15.

Condensed Statements of Net Position

	June 30		
	2020	2019	2018
Assets			
Current assets	$ 29,622,197	$ 29,695,208	$ 34,122,374
Noncurrent assets:			
Capital	124,695,399	126,432,299	122,597,210
Other	9,001,724	13,041,929	11,154,128
Total assets	163,319,320	169,169,436	167,873,712
Deferred Outflows of Resources			
Pensions	10,022,460	14,616,935	18,536,529
Other postemployment benefits	1,443,769	764,265	650,366
Total deferred outflows	11,466,229	15,381,200	19,186,895
Total assets and deferred outflows	**$ 174,785,549**	**$ 184,550,636**	**$ 187,060,607**
Liabilities			
Current liabilities	$ 17,073,690	$ 17,293,148	$ 19,061,166
Noncurrent liabilities	162,416,845	167,889,822	178,531,434
Total liabilities	179,490,535	185,182,970	197,592,600
Deferred Inflows of Resources			
Property taxes	9,618,070	9,599,607	9,334,029
Pensions	5,416,102	7,287,306	6,281,369
Other postemployment benefits	7,631,804	6,542,190	2,580,886
Total deferred inflows	22,665,976	23,429,103	18,196,284
Net Position			
Net investment in capital assets	38,069,143	40,882,717	44,831,312
Restricted	384,071	383,571	376,843
Unrestricted	(65,824,176)	(65,327,725)	(73,936,432)
Total net position	(27,370,962)	(24,061,437)	(28,728,277)
Total liabilities, deferred inflows and net position	**$ 174,785,549**	**$ 184,550,636**	**$ 187,060,607**

Analysis of Overall Financial Position

At June 30, 2020, current assets amounted to $29.6 million as compared to $29.7 million at June 30, 2019, a decrease of $0.1 million. Current liabilities at June 30, 2020 amounted to $17.1 million as compared to $17.3 million at June 30, 2019, a decrease of $0.2 million. The College's working capital ratio was 1.7 and 1.7 at June 30, 2020 and 2019, respectively.

Management's Discussion and Analysis (Unaudited) (continued)

The decrease in current assets at June 30, 2020 is primarily attributable to a decrease in short-term investments of $1.2 million, lower loans and other receivables of $0.3 million, and a decrease in cash and cash equivalents of $0.2 million, partially offset by an increase in intergovernmental receivables of $1.6 million.

The decrease in current liabilities at June 30, 2020 is primarily attributable to a decrease of $1.4 million in accounts payable and accrued liabilities, due to a decrease in accruals related to various capital projects, as well as the timing of payments to vendors, partially offset by increases in unearned revenue and compensated absences of $0.9 million and $0.3 million, respectively.

At June 30, 2019, current assets amounted to $29.7 million as compared to $34.1 million at June 30, 2018, a decrease of $4.4 million. Current liabilities at June 30, 2019 amounted to $17.3 million as compared to $19.1 million at June 30, 2018, a decrease of $1.8 million. The College's working capital ratio was 1.7 and 1.8 at June 30, 2019 and 2018, respectively.

The decrease in current assets at June 30, 2019 is primarily attributable to a decrease in loans and other receivables of $4.8 million due mainly to a prior year debt proceeds receivable of $4.9 million related to the Series 2017B TAN, along with a decrease in restricted cash and cash equivalents of $1.0 million, partially offset by increases in intergovernmental receivables and short-term investments of $1.1 million and $0.4 million, respectively.

The decrease in current liabilities at June 30, 2019 is primarily attributable to a decrease of $1.1 million in accounts payable and accrued liabilities, due to a decrease in accruals related to various capital projects, as well as the timing of payments to vendors, in addition to a decrease of $1.0 million in debt payable, along with a decrease of $0.2 million in other liabilities, partially offset by an increase of $0.6 million in unearned revenue.

Noncurrent assets are comprised of capital assets, restricted cash and cash equivalents, investments, loans receivable, and a net other postemployment benefits (OPEB) asset recognized under GASB 75. The decrease in noncurrent assets of $5.8 million during 2020 is primarily attributable to the capital spending of the debt proceeds from the Series 2019 Certificates of Participation, along with a decrease in net capital assets due to capital asset additions being more than offset by the College's annual recognized depreciation charge. Current year capital asset additions consist of various College and State funded projects including the welding lab renovation, E-Building parking lot, roadway project, and planned equipment replacements.

The increase in noncurrent assets of $5.7 million during 2019 is primarily attributable to an increase in capital assets related to various College and State funded projects including the renovation and expansion of the Health Building, along with planned equipment replacements, additional debt proceeds from the Series 2019 Certificates of Participation, and the net OPEB asset, partially offset by the capital spending of the remaining proceeds from the Series 2017B Tax Anticipation Notes.

The decrease in noncurrent liabilities in 2020 of $5.5 million is primarily attributable to a decrease in debt payable mainly due to the refunding of the Series 2014 Bonds, a decrease in the College's other postemployment benefits (OPEB) liability recognized under GASB 75, and a decrease in the College's pension liability recognized under GASB 68.

The decrease in noncurrent liabilities in 2019 of $10.6 million is primarily due to a decrease in the College's other postemployment benefits (OPEB) liability recognized under GASB 75, in addition to a decrease in the College's pension liability recognized under GASB 68, partially offset by an increase in debt payable due to the issuance of the Series 2019 Certificates of Participation.

Management's Discussion and Analysis (Unaudited) (continued)

The net pension liability (NPL) is the second largest liability reported by the College at June 30, 2020, 2019 and 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In fiscal year 2018, the College adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board 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 GASB 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 they 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 *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Management's Discussion and Analysis (Unaudited) (continued)

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 statements 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 their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

In 2018, as a result of implementing GASB 75, the College reported a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $(36,642,513) to $(60,142,823).

The decrease in deferred outflows of resources in 2020 of $3.9 million is due primarily to GASB 68 and reflects pension activity as reported by SERS and STRS.

The decrease in deferred outflows of resources in 2019 of $3.8 million is due primarily to GASB 68 and reflects pension activity as reported by SERS and STRS.

The decrease in deferred inflows of resources in 2020 of $0.7 million is primarily due to GASB 68, reflecting pension activity as reported by SERS and STRS, offset in part by an increase attributable to GASB 75, reflecting other postemployment benefit activity as reported by SERS and STRS.

The increase in deferred inflows of resources in 2019 of $5.2 million is primarily due to GASB 75, reflecting other postemployment benefit activity as reported by SERS and STRS, and GASB 68, reflecting pension activity as reported by SERS and STRS, along with an increase in property taxes.

The College's net position amounted to $(27.4) million, $(24.1) million, and $(28.7) million at June 30, 2020, 2019, and 2018, respectively. The decrease in the College's net position during 2020 was primarily attributable to the decrease in the College's net plant investment, in addition to the pension expense recognized under GASB 68, partially offset by a net credit to other postemployment benefits (OPEB) expense recognized under GASB 75.

The increase in the College's net position during 2019 was primarily attributable to a net credit to other postemployment benefits (OPEB) expense recognized under GASB 75, and a net credit to pension expense recognized under GASB 68. During 2019, a restatement was made to the College's net position as of June 30, 2018, resulting from not capitalizing interest and compensation related to the Health Building renovation and expansion project which began in 2015. See Note 2 for further description of the restatement.

Management's Discussion and Analysis (Unaudited) (continued)

Capital Assets and Long-term Debt Activity

The College utilizes state capital appropriations, internal funds, debt proceeds, and gifts and other grants for capital asset expenditures. State capital appropriations are on a biennium basis, and individual institutions' capital funding allocations are based on projects that meet the Governor's goals for the State.

During 2020, the College utilized $0.6 million in state capital appropriations, $8.5 million in internal funds including debt proceeds, and purchased $9.1 million of capital assets.

During 2019, the College utilized $0.5 million in state capital appropriations, $0.2 million in capital grants and gifts, $72.0 million in internal funds including debt proceeds, and purchased $72.7 million of capital assets.

In 2020, the College issued $17.8 million of General Receipts Refunding Bonds, Series 2019, for the purpose of refunding the $20.7 million Series 2014 Bonds, dated November 25, 2014. The Series 2019 Bonds are at fixed interest rates ranging from 3.0 percent to 5.0 percent and a final maturity in 2039.

In 2019, the College issued $22.5 million of Certificates of Participation for the purpose of refinancing the $10.0 million Tax Anticipation Notes, Series 2017A, dated January 18, 2017 and the $10.0 million Tax Anticipation Notes, Series 2017B, dated July 19, 2017. The Certificates are at fixed interest rates ranging from 3.125 percent to 5.0 percent and a final maturity in 2044.

In 2017, the College issued the Series 2017A Tax Anticipation Notes in the amount of $10.0 million representing the par amount of the notes, at a fixed interest rate of 2.7 percent. The notes are dated January 18, 2017 and were payable as to principal and interest on December 1 in the years 2017 – 2027. The notes were issued for the purpose of providing funds for the acquisition of sites; the erection, furnishing, and equipment of buildings; the acquisition, construction or improvement of College property.

In 2017, the College issued the Series 2017B Tax Anticipation Notes in the amount of $10.0 million representing the par amount of the notes, at a fixed interest rate of 2.44 percent. The notes are dated July 19, 2017 and were payable as to principal and interest on December 1 in the years 2018 – 2027. The College used the proceeds for the erection, furnishing and equipment of buildings and the improvement of various properties.

The $10.0 million Tax Anticipation Notes, Series 2017A, and the $10.0 million Tax Anticipation Notes, Series 2017B, have been called for optional redemption on June 3, 2019 at par, plus interest accrued to the redemption date.

In 2016, the College issued the Series 2016A Bonds in the amount of $21.5 million representing the par amount of the bonds, at fixed interest rates ranging from 2.0 percent to 5.0 percent and a final maturity in 2042. The notes are dated February 9, 2016. Bond proceeds were used for all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science.

In 2016, the College issued the Series 2016B Bonds in the amount of $9.0 million representing the par amount of the bonds, at fixed interest rates ranging from 2.0 percent to 3.25 percent and a final maturity in 2025. The notes are dated February 9, 2016. Bond proceeds were used for defeasance of the Series 2008 and Series 2011 Tax Anticipation Notes.

Management's Discussion and Analysis (Unaudited) (continued)

In 2016, the College issued the Series 2016C Bonds in the amount of $8.6 million representing the par amount of the bonds, at fixed interest rates ranging from 3.5 percent to 4.0 percent and a final maturity in 2035. The notes are dated March 2, 2016. Bond proceeds were used for the purpose of retiring the College's Facilities Construction and Improvement Notes, Series 2015, issued for the purpose of financing all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science.

The 0.4 mills levy approved by Lake County voters on November 3, 2015 will fully fund the debt service requirements on the College's Series 2016 Bonds.

In 2016, the College entered into a $10.4 million loan agreement with the Ohio Air Quality Development Authority (OAQDA) at fixed interest rates ranging from 1.85 percent to 3.62 percent and a final maturity in 2029. The loan agreement is dated June 8, 2016. The proceeds were used to assist in the financing of certain air quality facilities in the form of energy conservation measures installed in the Lakeland Health Technology Building owned by the College.

In 2014, the College issued general receipts bonds in the amount of $20.7 million representing the par amount of the bonds, at fixed interest rates ranging from 3.25 percent to 5.0 percent and a final maturity in 2039. The notes are dated November 25, 2014. Bond proceeds were used to refund the Series 2014 Tax Anticipation Notes, acquire the Holden University Center property, and to renovate science labs.

In 2020, the $20.7 million General Receipts Bonds, Series 2014, issued on November 25, 2014, were refunded prior to maturity, at par.

In 2011, the College issued the Series 2011 Notes in the amount of $9.5 million representing the par amount of the notes, at a fixed interest rate of 2.8 percent. The notes are dated June 29, 2011 and shall be payable as to principal and interest on December 1 in the years 2011 – 2021. The notes shall not be redeemable at the option of the College in whole or in part prior to stated maturity. The proceeds are to be used for technology, furniture, and equipment at The Holden University Center and other technology, furniture, equipment, and capital additions.

In 2009, the College issued the Series 2008 Notes in the amount of $8.5 million, with fixed interest rates ranging from 3.25 percent to 3.75 percent and a final maturity date in 2018. The proceeds of the notes were used to pay costs associated with the implementation of energy conservation measures that are intended to significantly reduce the College's energy consumption and the operating costs of its buildings. A portion of the proceeds of the notes was also used to pay costs associated with the acquisition of technology equipment and other capital improvements.

During 2020, 2019 and 2018, the College paid $22.5 million, $21.7 million and $1.7 million, respectively, in connection with debt maturities. The College is in compliance with all of its contractual long-term debt requirements and covenants.

More detailed information about the College's capital assets and long-term debt is presented in Notes 5 and 6 of the financial statements.

Management's Discussion and Analysis (Unaudited) (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30		
	2020	2019	2018
Operating Revenue			
Student tuition and fees - Net	$ 10,133,006	$ 10,729,728	$ 9,652,640
Grants, contracts, and other revenue	2,296,071	3,196,426	3,840,405
Auxiliary enterprises - Net	1,978,527	2,946,559	3,186,515
Total operating revenue	14,407,604	16,872,713	16,679,560
Operating Expenses	63,561,550	59,184,843	40,840,788
Operating Loss	(49,153,946)	(42,312,130)	(24,161,228)
Nonoperating Revenue (Expenses)			
State appropriations	19,762,858	20,343,372	20,433,468
Local appropriations	20,809,271	20,364,663	20,783,174
Pell grant revenue - Net of refunds	6,954,017	7,402,521	7,849,915
Other nonoperating income and expenses - Net	(2,358,124)	(1,826,510)	(2,064,612)
Total nonoperating revenue	45,168,022	46,284,046	47,001,945
(Loss) Gain - Before other changes	(3,985,924)	3,971,916	22,840,717
Other Changes			
Capital appropriations from the State of Ohio	636,052	498,280	4,127,929
Capital grants and gifts	40,347	196,644	201,744
Total other changes	676,399	694,924	4,329,673
(Decrease) Increase in Net Position	(3,309,525)	4,666,840	27,170,390
Net Position - Beginning of year, restated	(24,061,437)	(28,728,277)	N/A
Net Position - End of year	**$ (27,370,962)**	**$ (24,061,437)**	**$ (28,728,277)**

Analysis of Results of Operations

Total revenue for the years ended June 30, 2020 and 2019 was $60.3 million and $63.9 million, respectively, of which operating revenue amounted to $14.4 million and $16.9 million, respectively. Operating revenue decreased $2.5 million, or 14.6 percent. Total operating expenses for the years ended June 30, 2020 and 2019 were $63.6 million and $59.2 million, respectively. Operating expenses increased $4.4 million, or 7.4 percent. The College's operating loss amounted to $49.2 million during 2020 compared to $42.3 million in 2019, which represented an increase of $6.8 million, or 16.2 percent.

Total revenue for the years ended June 30, 2019 and 2018 was $63.9 million and $68.0 million, respectively, of which operating revenue amounted to $16.9 million and $16.7 million, respectively. Operating revenue increased $0.2 million, or 1.2 percent. Total operating expenses for the years ended June 30, 2019 and 2018 were $59.2 million and $40.8 million, respectively. Operating expenses increased $18.3 million, or 44.9 percent. The College's operating loss amounted to $42.3 million during 2019 compared to $24.2 million in 2018, which represented an increase of $18.2 million, or 75.1 percent.

Student tuition and fees, net, are comprised of credit and noncredit instruction revenue. A breakdown and comparison of this revenue is as follows:

Credit and Noncredit Instruction Revenue

	Years Ended June 30		
	2020	2019	2018
	(dollars in millions)		
Credit instruction	$ 14.9	$ 15.3	$ 15.1
Less Pell grants and scholarship allowances	(6.4)	(6.6)	(7.0)
Net credit instruction	8.5	8.7	8.1
Noncredit instruction	0.2	0.4	0.5
Other	1.4	1.6	1.1
Total	**$ 10.1**	**$ 10.7**	**$ 9.7**

Student tuition and fees, net, was lower during 2020 as compared to 2019.

Credit instruction tuition and fees, net, decreased by $0.2 million in 2020 as compared to 2019. Gross credit instruction and fees decreased by 2.7 percent. The decrease is primarily attributable to declines in summer, fall, and spring enrollment of 12.6 percent, 4.3 percent, and 6.2 percent, respectively, partially offset by the impact of the tuition rate increase commencing with the fall 2019 term. Gross credit instruction and fees are offset by Pell grants and other scholarship allowances of $6.4 million during 2020 as compared to $6.6 million during 2019.

Credit instruction tuition and fees, net, increased by $0.6 million in 2019 as compared to 2018. Gross credit instruction and fees increased by 1.4 percent. The increase is primarily attributable to the tuition rate increase commencing with the fall 2018 term, partially offset by declines in summer, fall, and spring enrollment of 9.1 percent, 9.6 percent, and 8.4 percent, respectively. Gross credit instruction and fees are offset by Pell grants and other scholarship allowances of $6.6 million during 2019 as compared to $7.0 million during 2018.

Noncredit instruction revenue decreased by $0.2 million during 2020 as compared to 2019.

Noncredit instruction revenue decreased by $0.1 million during 2019 as compared to 2018.

Grants, contracts, and other revenue decreased by $0.9 million during 2020 as compared to 2019. Lower private grants and contracts of $1.0 million, in addition to lower partnership revenue from the Holden University Center of $0.1 million, were partially offset by higher federal grants and contracts of $0.2 million.

Grants, contracts, and other revenue decreased by $0.6 million during 2019 as compared to 2018. Lower state and federal grants and contracts of $0.7 million and $0.2 million, respectively, were partially offset by higher private grants and contracts of $0.3 million.

Management's Discussion and Analysis (Unaudited) (continued)

Auxiliary enterprises revenue is comprised primarily of bookstore and event services and campus dining revenue. Revenue decreased by 32.9 percent for these operations during 2020 compared to 2019, primarily attributable to a decline in bookstore sales due to a decrease in enrollment and the increasing trend of utilizing open source textbooks. In addition, event services and campus dining revenues were lower due to a decrease in activity as a result of the pandemic-related campus closure in March 2020.

Auxiliary enterprises revenue is comprised primarily of bookstore and event services and campus dining revenue. Revenue decreased by 7.5 percent for these operations during 2019 compared to 2018, primarily attributable to a decline in bookstore sales due to a decrease in enrollment and increased competition from on-line book sellers. This decrease was partially offset by a change in the offset of gross auxiliary bookstore revenue related to Pell grants. Gross auxiliary bookstore revenue is offset by Pell grants of $0.7 million in 2019 as compared to $0.8 million in 2018.

The College's nonoperating revenue is comprised primarily of the State of Ohio (the "State") and local appropriations and federal Pell grant revenue. State appropriations include the College's State Share of Instruction ("SSI") support.

The College's State funding for operational support is determined legislatively and controlled through the Ohio Department of Higher Education. State Share of Instruction (SSI) is a formula that determines and allocates available 2020 State funds to each two-year institution based on: (a) course completions, (b) success points, and (c) degrees and certificates earned.

State support decreased during 2020 by $0.6 million, or 2.9 percent, as compared with 2019. The decrease is primarily attributable to State cuts due to the COVID-19 pandemic, partially offset by a performance increase in total support of 2% in 2020 State appropriations.

State support decreased during 2019 by $0.9 million, or 0.4 percent, as compared with 2018. The decrease is primarily due to fewer students reaching course completion milestones in the SSI formula compared to other Ohio community colleges.

Local appropriations increased by approximately $0.4 million or 2.2 percent during 2020 as compared to 2019. The increase is primarily attributable to higher real estate tax collections due to new construction across the County and a higher collectability rate.

Local appropriations decreased by approximately $0.4 million or 2.0 percent during 2019 as compared to 2018. The decrease is primarily attributable to lower real estate and personal property tax collections due to the devaluation of the real property and public utility assets of First Energy Generation Corp, offset in part by higher real estate tax collections related to new construction across the County.

Pell grant revenues decreased by $0.4 million during 2020 as compared to 2019, due to lower enrollment.

Pell grant revenues decreased by $0.4 million during 2019 as compared to 2018, due to lower enrollment.

Other nonoperating income and expenses decreased by $0.5 million during 2020 as compared to 2019, primarily due to an increase in debt interest expense.

Management's Discussion and Analysis (Unaudited) (continued)

Other nonoperating income and expenses increased by $0.2 million during 2019 as compared to 2018, due in part to the capitalization of interest expense related to the Health Building renovation and expansion project. In addition, there was an increase in net investment income primarily attributable to the reversal of prior year unrealized losses.

Operating expenses include educational and general expenses, auxiliary enterprises, and depreciation. A breakdown and comparison of these expenses are as follows:

Operating Expense Summary

	Years Ended June 30		
	2020	2019	2018
	(dollars in millions)		
Educational and general:			
Salaries and wages	$ 33.3	$ 34.6	$ 35.4
Benefits - Net pension expense (reduction of pension expense) under GASB 68	1.7	(1.7)	(24.1)
Benefits - Net reduction of other postemployment benefits expense under GASB 75	(1.0)	(6.1)	(1.7)
Benefits - Other	10.8	11.7	11.7
Operating expenses	9.1	11.3	11.2
Total educational and general	53.9	49.8	32.5
Auxiliary enterprises	3.4	4.1	4.1
Depreciation	6.3	5.3	4.2
Total	$ 63.6	$ 59.2	$ 40.8

Salaries and wages decreased by 4.1 percent during 2020 as compared to 2019. The decrease is primarily attributable to lower part-time faculty cost resulting from lower enrollment, replacing open full-time faculty positions at lower salaries, delays in filling open non-faculty positions, and the impact of permanent and temporary furloughs implemented in May 2020, partially offset by full-time faculty salary increases, and replacing open positions which were vacant in the prior year.

Benefits include retirement and non-retirement benefits. The increase during 2020 as compared to 2019 is primarily attributable to a lower net credit to other postemployment benefits (OPEB) expense recognized under GASB 75, in addition to an increase in pension expense recognized under GASB 68.

Salaries and wages decreased by 2.2 percent during 2019 as compared to 2018. The decrease is primarily attributable to the closeout of the faculty contract in prior year, prior year administrator, supervisory/professional, and staff stipend payouts, lower part-time faculty cost resulting from lower enrollment, replacing open full-time faculty positions at lower salaries, and delays in filling open non-faculty positions.

Benefits include retirement and non-retirement benefits. The increase during 2019 as compared to 2018 is primarily attributable to a lower net credit to pension expense recognized under GASB 68, partially offset by a higher net credit to other postemployment benefits (OPEB) expense recognized under GASB 75.

The decrease in operating expenses in 2020 as compared to 2019 is primarily attributable to lower professional services expense, a decrease in utilities expense, lower photocopier lease expense, and a decrease in facility rentals expense, partially offset by higher maintenance contracts and an increase in license fees.

Management's Discussion and Analysis (Unaudited) (continued)

The increase in operating expenses in 2019 as compared to 2018 is primarily attributable to higher professional services expense, mainly due to the outsourcing of campus shuttle service to Laketran during 2019, along with an increase in the outsourcing of janitorial services. Additional increases included license fees, photocopier lease expense, and utilities expense, partially offset by lower non-capitalized equipment expense, institutional dues, and library books expense.

Auxiliary enterprises expense decreased during 2020 by 17.5% as compared to 2019, primarily attributable to lower bookstore costs due to lower sales during 2020 due to enrollment declines and the increasing trend of utilizing open source textbooks. In addition, event services and campus dining expenses were lower due to a decrease in activity as a result of the pandemic-related campus closure in March 2020. These decreases were offset in part by an increase in allocated pension expense recognized under GASB 68.

Auxiliary enterprises expense is flat for 2019 as compared to 2018. An increase in allocated pension expense recognized under GASB 68 was offset by both lower Bookstore costs due to lower sales during 2019 due to enrollment declines and increased competition from on-line book sellers, in addition to a decrease in other postemployment benefits (OPEB) expense recognized under GASB 75.

Depreciation expense is higher by 17.3% for 2020 as compared to 2019 due to additional capital expenditures related to the welding lab renovation, E-Building parking lot, roadway project, and planned equipment replacements.

Depreciation expense is higher by 26.7% for 2019 as compared to 2018 due to additional capital expenditures related to the renovation and expansion of the Health Building, and planned equipment replacements.

From a budgetary perspective, the College utilizes fund-based accounting to control unrestricted revenue, expenditures, and transfers. The following is a summary for the years ended June 30, 2020, 2019 and 2018, providing a comparison of net changes to fund balance, budget versus actual, for the College's unrestricted funds.

Unrestricted Funds Budget to Actual Comparison

Changes to Fund Balances -	2020		2019		2018	
by Unrestricted Fund Type	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget	Actual
	(dollars in millions)		(dollars in millions)		(dollars in millions)	
General operating	$ 0.5	$ 1.4	$ (0.4)	$ (2.7)	$ (0.9)	$ (0.4)
Auxiliary	(0.1)	(0.3)	0.1	(0.1)	0.1	-
Plant	-	0.1	(1.6)	(1.2)	(1.0)	0.6
Total	$ 0.4	$ 1.2	$ (1.9)	$ (4.0)	$ (1.8)	$ 0.2

Management's Discussion and Analysis (Unaudited) (continued)

Statements of Cash Flows

Cash Flows for the Years Ended June 30

	2020	2019	2018
Net Cash and Cash Equivalents (Used in) Provided by			
Operating activities	$ (43,798,463)	$ (45,728,395)	$ (47,901,391)
Noncapital financing activities	46,538,072	48,668,170	49,169,725
Capital and related financing activities	(8,877,680)	(5,257,551)	(32,168,209)
Investing activities	2,250,677	4,043,813	17,082,129
Net (Decrease) Increase in Cash and Cash Equivalents	(3,887,394)	1,726,037	(13,817,746)
Cash and Cash Equivalents - Beginning of year	8,922,178	7,196,141	21,013,887
Cash and Cash Equivalents - End of year	**$ 5,034,784**	**$ 8,922,178**	**$ 7,196,141**

Major sources of cash included student tuition and fees of $12.1 million in 2020, $10.0 million in 2019, and $9.1 million in 2018; state appropriations of $19.8 million in 2020, $20.0 million in 2019, and $20.4 million in 2018; local appropriations of $19.8 million in 2020, $21.2 million in 2019, and $20.9 million in 2018; grants and contracts of $0.6 million in 2020, $1.5 million in 2019, and $2.1 million in 2018; auxiliary sales and services of $2.1 million in 2020, $3.1 million in 2019, and $3.2 million in 2018; and proceeds from debt of $20.2 million in 2020, $28.9 million in 2019, and $5.1 million in 2018.

Major uses of cash included employee compensation and benefits totaling $45.7 million in 2020, $48.4 million in 2019, and $47.8 million in 2018; purchases of investments totaling $1.8 million in 2020, $3.1 million in 2019, and $6.9 million in 2018; suppliers of goods and services totaling $13.4 million in 2020, $12.8 million in 2019, and $15.5 million in 2018; principal payments on capital debt totaling $22.5 million in 2020, $20.8 million in 2019, and $1.7 million in 2018; interest payments on capital debt totaling $3.9 million in 2020, $1.7 million in 2019, and $2.1 million in 2018; and purchases of capital assets totaling $0.6 million in 2020, $11.9 million in 2019, and $33.6 million in 2018.

Factors Impacting Future Periods

The level of state and local support, student tuition and fee increases, compensation, and other cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and on-going operational needs.

The College places significant reliance on state appropriations. State income and budget constraints may, from time to time, compel stabilization or reduction to levels of state assistance and support for higher education in general and the College in particular. In addition, the SSI appropriations are subject to subsequent limitations, which provide in part that if the governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, orders shall be issued to prevent the expenditure and incurred obligations from exceeding those revenue receipts and balances.

Management's Discussion and Analysis (Unaudited) (continued)

The College's state funding for operational support is determined legislatively and controlled through the Department of Higher Education. Under the current formula, the 2021 funding model for community and technical colleges will consist of three components: (1) course completions, (2) success points, and (3) degrees and certificates earned. Overall, State appropriations for higher education are 4.4% lower in 2021 as compared to 2020 due to the economic impacts of the COVID-19 pandemic.

Local appropriations in the form of property taxes are another critical element of support. The electors within the County of Lake, Ohio (the "County") must approve any Lakeland Community College property tax. The College collects property taxes for operating and capital purposes from three levies approved by the County voters: a 1.7 mills for a continuing period, a 1.5 mills for 10 years, and a 0.4 mills for 27 years. The 1.7 mills replacement levy was approved by Lake County voters on November 2, 2010 and the 1.5 mills stated rate levy was renewed on November 8, 2011. The 0.4 mills levy was approved by Lake County voters on November 3, 2015 and will be used to fund the debt service on the College's Series 2016 Bonds. Variations in funding, outside the levy mill amounts is threatened by property devaluations and the level of delinquent taxes collected each year.

Instructional fees are limited by both enrollment declines and the inability to raise tuition beyond a certain level as determined by the State Legislature. The College's 2021 budget reflects an anticipated enrollment decline of 12.6 percent from 2020. The State's current biennium budget, House Bill 166, authorizes a $5 per credit hour increase for FY 2021 over what the College charged in the previous academic year. Tuition for 2021 will increase by $5 per credit hour for in-district, out-of-district, and out-of-state students.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Graff, Controller at Lakeland Community College, 7700 Clocktower Drive, Kirtland, Ohio 44094 or email at mgraff1@Lakelandcc.edu.

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Lake County Community College District
d/b/a Lakeland Community College

Statements of Net Position

	June 30 2020	June 30 2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 784,565	$ 938,641
Restricted cash and cash equivalents (Note 3)	2,731,433	2,691,809
Short-term investments (Note 3)	1,304,430	2,499,541
Intergovernmental receivables - Net	14,163,975	12,535,923
Loans and other receivables - Net (Note 4)	9,306,055	9,557,949
Inventories	415,652	425,467
Prepaid assets	916,087	1,045,878
Total current assets	29,622,197	29,695,208
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	1,518,786	5,291,728
Investments (Note 3)	4,763,542	4,957,494
Loans receivable - Net (Note 4)	11,526	13,746
Capital assets - Net (Note 5)	124,695,399	126,432,299
Net Other postemployment benefits asset (Note 11)	2,707,870	2,778,961
Total noncurrent assets	133,697,123	139,474,228
Total assets	163,319,320	169,169,436
Deferred Outflows of Resources		
Pensions	10,022,460	14,616,935
Other postemployment benefits	1,443,769	764,265
Total deferred outflows of resources	11,466,229	15,381,200
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,597,171	$ 4,023,506
Unearned revenue	10,375,242	9,482,403
Debt payable (Note 6)	2,731,433	2,691,809
Compensated absences (Note 6)	1,369,844	1,095,430
Total current liabilities	17,073,690	17,293,148
Noncurrent liabilities:		
Pensions (Note 6, 10)	63,779,476	64,832,239
Other postemployment benefits (Note 6, 11)	11,252,767	12,691,822
Debt payable (Note 6)	86,504,913	89,547,380
Compensated absences (Note 6)	879,689	818,381
Total noncurrent liabilities	162,416,845	167,889,822
Total liabilities	179,490,535	185,182,970
Deferred Inflows of Resources		
Property Taxes	9,618,070	9,599,607
Pensions	5,416,102	7,287,306
Other postemployment benefits	7,631,804	6,542,190
Total deferred inflows of resources	22,665,976	23,429,103
Net Position		
Net investment in capital assets	38,069,143	40,882,717
Restricted for:		
Nonexpendable for endowment purposes	381,471	380,971
Expendable for instructional purposes	2,600	2,600
Unrestricted	(65,824,176)	(65,327,725)
Total net position	**$ (27,370,962)**	**$ (24,061,437)**

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statements of Revenues, Expenses, and Changes in Net Position

	For the Years Ended June 30	
	2020	2019
Operating Revenue		
Operating revenue:		
Tuition and fees - Net of $6,364,711 and $6,675,594 in Pell and scholarship allowances in 2020 and 2019, respectively	$ 10,133,006	$ 10,729,728
Federal grants and contracts	582,795	382,195
State grants and contracts	53,894	56,477
Private grants and contracts	58,826	1,070,214
Sales and services	1,162,331	1,356,963
Auxilliary activities - Net of $589,306 and $726,927 in Pell and scholarship allowances in 2020 and 2019, respectively	1,978,527	2,946,559
Other operating revenue	438,225	330,577
Total operating revenue	14,407,604	16,872,713
Operating Expenses		
Operating expenses:		
Educational and general:		
Instruction and departmental research	24,569,967	21,140,945
Public service	878,030	876,368
Academic support	4,767,019	4,360,627
Student services	8,234,629	7,046,215
Institutional support	10,937,062	9,614,871
Operation and maintenance of facilities	4,541,935	6,728,591
Total educational and general	53,928,642	49,767,617
Auxiliary enterprises	3,350,281	4,061,058
Depreciation and amortization	6,282,627	5,356,168
Total operating expenses	63,561,550	59,184,843
Operating Loss	(49,153,946)	(42,312,130)
Nonoperating Revenue (Expense)		
State appropriations (Note 8)	19,762,858	20,343,372
Local appropriations (Note 9)	20,809,271	20,364,663
Pell grant revenue - Net of refunds	6,954,017	7,402,521
Unrestricted investment income - Net of investment expense	450,795	460,031
Restricted investment income - Net of investment expense	7,326	22,319
Interest on capital asset - Related debt	(2,816,245)	(2,308,860)
Net nonoperating revenue	45,168,022	46,284,046
(Loss) Gain - Before other changes	(3,985,924)	3,971,916
Other Changes		
Capital appropriations from the State of Ohio (Note 8)	636,052	498,280
Capital grants and gifts	40,347	196,644
Total other changes	676,399	694,924
(Decrease) Increase in Net Position	(3,309,525)	4,666,840
Net Position - Beginning of year	(24,061,437)	(28,728,277)
Net Position - End of year	**$ (27,370,962)**	**$ (24,061,437)**

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statements of Cash Flows

	For the Years Ended June 30 2020	For the Years Ended June 30 2019
Cash Flows from Operating Activities		
Tuition and fees - Net	$ 12,132,835	$ 10,003,323
Grants and contracts	567,390	1,520,239
Payments to suppliers and utilities	(13,391,220)	(12,805,969)
Payments for compensation and benefits	(45,739,620)	(48,392,389)
Federal drawdowns	8,202,923	9,104,505
Federal drawdowns applied to tuition - Disbursed to students	(9,059,770)	(10,007,134)
Auxiliary sales and services	2,077,757	3,076,846
Other	1,411,242	1,772,184
Net cash used in operating activities	(43,798,463)	(45,728,395)
Cash Flows from Noncapital Financing Activities		
State appropriations	19,762,858	20,042,033
Local appropriations	19,821,197	21,223,616
Federal Pell - Net of refunds	6,954,017	7,402,521
Net cash provided by noncapital financing activities	46,538,072	48,668,170
Cash Flows from Capital and Related Financing Activities		
Capital gift	40,347	196,644
Proceeds from issuance of debt	20,207,537	28,949,083
Purchases of capital assets	(593,353)	(11,910,295)
State appropriations for capital projects	(2,194,249)	-
Principal paid on capital debt - Net	(22,458,991)	(20,784,250)
Interest paid on capital debt	(3,878,971)	(1,708,733)
Net cash used in capital and related financing activities	(8,877,680)	(5,257,551)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	3,558,000	6,700,000
Purchase of investments	(1,777,916)	(3,144,601)
Interest on investments	470,593	488,414
Net cash provided by investing activities	2,250,677	4,043,813
Net (Decrease) Increase in Cash and Cash Equivalents	(3,887,394)	1,726,037
Cash and Cash Equivalents - Beginning of year	8,922,178	7,196,141
Cash and Cash Equivalents - End of year	**$ 5,034,784**	**$ 8,922,178**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 784,565	$ 938,641
Restricted cash and cash equivalents	4,250,219	7,983,537
Total cash and cash equivalents	**$ 5,034,784**	**$ 8,922,178**

The Accompanying Notes are an Integral Part of these Financial Statements.

Statements of Cash Flows (Continued)

	For the Years Ended June 30	
	2020	**2019**
Reconciliation of Operating Loss to Net Cash used in Operating Activities:		
Operating Loss	$ (49,153,946)	$ (42,312,130)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	6,282,627	5,356,168
Net pension expense	1,670,508	(1,687,154)
Net other postemployment benefits (OPEB) expense	(957,854)	(6,085,836)
(Increase) Decrease in assets:		
Accounts receivable	(1,741,749)	(644,444)
Inventories	9,815	93,095
Other assets	129,791	89,063
(Decrease) Increase in liabilities:		
Accounts payable and accrued liabilities	(1,426,335)	(1,143,794)
Unearned revenue	160,118	572,675
Other liabilities	892,840	(135,231)
Compensated absences	335,722	169,193
Net cash used in operating activities	**$ (43,798,463)**	**$ (45,728,395)**
Noncash Investing and Capital Activities		
State capital projects paid directly to vendors on College behalf	$ 563,831	$ 215,526
Capital assets purchased on credit	301,331	452,160
Unrealized gain on Investments	199,927	128,828

The Accompanying Notes are an Integral Part of these Financial Statements.

Lake County Community College District
d/b/a Lakeland Community College

Statements of Financial Position and Condensed Statements of Activities
Component Unit – The Lakeland Foundation
As of and for the Years Ended June 30, 2020 and 2019

Statements of Financial Position

	June 30	
Assets	2020	2019
Cash and cash equivalents	$ 514,034	$ 608,920
Cash held for others	10,029	5,974
Investments (Note 3)	5,653,016	4,925,322
Receivables	262,586	226,473
Other assets	6,496	16,259
Total assets	**$ 6,446,161**	**$ 5,782,948**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 16,256	$ 9,045
Deferred revenue	53,916	57,301
Due to custodial funds	10,029	5,974
Note payable	73,800	-
Total liabilities	154,001	72,320
Net Assets		
Without donor restrictions		
Undesignated	(1,110)	93,224
Board-designated	30,046	30,046
Total net assets without donor restrictions	28,936	123,270
With donor restrictions		
Purpose restrictions	2,853,429	2,801,420
Perpetual in nature	3,409,795	2,785,938
Total net assets with donor restrictions	6,263,224	5,587,358
Total net assets	6,292,160	5,710,628
Total liabilities and net assets	**$ 6,446,161**	**$ 5,782,948**

Condensed Statements of Activities

	2020	2019
Support and Revenue		
Contributions and grants	$ 1,350,855	$ 1,508,492
Investment income - Net	181,205	206,658
Total support and revenue	1,532,060	1,715,150
Program and Support Services		
Program services:		
Scholarships	469,665	537,647
Educational and related programs	242,298	1,014,776
Support services - Administration and fund raising	238,565	247,636
Total program and support expenses	950,528	1,800,059
Increase (Decrease) in Net Assets	581,532	(84,909)
Transfer out of Endowment	-	-
Change in Net Assets	581,532	(84,909)
Net Assets - Beginning of year	5,710,628	5,795,537
Net Assets - End of year	**$ 6,292,160**	**$ 5,710,628**

The Accompanying Notes are an Integral Part of these Financial Statements.

Notes to Financial Statements
June 30, 2020 and 2019

Note 1: Basis of Presentation and Significant Accounting Policies

Lake County Community College District d/b/a Lakeland Community College (the "College") is a two-year community college and a political subdivision of the State of Ohio (the "State"). The College is exempt from filing a federal tax return based upon the ruling it received from the Internal Revenue Service dated August 27, 1968.

The financial statements have been prepared in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the College and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria, the College has identified one component unit: The Lakeland Foundation. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

The Lakeland Foundation (the "Foundation") is discretely reported as part of the College's reporting entity (although it is legally separate and governed by its own Board of Directors) because its sole purpose is to provide support for the College. The Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to the Foundation's financial information included in the College's financial report to account for these differences. Separate financial statements of the Foundation may be obtained by contacting The Lakeland Foundation, 7700 Clocktower Drive, Kirtland, Ohio 44094-5198.

Basis of Accounting – The accompanying financial statements of the College were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the GASB. The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Measurement Focus and Financial Statement Presentation – Operating revenue and expenses generally result from providing service in connection with the College's principal ongoing operations. The principal operating revenue is student tuition. The College also recognizes as operating revenue grants and contracts classified as exchange transactions and auxiliary activities. Operating expenses include educational costs, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition, including state and local appropriations, are reported as nonoperating revenue and expenses. 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.

Cash and Cash Equivalents – Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

During fiscal years 2020 and 2019, the College invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The College measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal years 2020 and 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 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, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Restricted Cash and Cash Equivalents – As of June 30, 2020, restricted cash and cash equivalents of $4,250,219 consist primarily of unspent proceeds from the Series 2019 General Receipts Bonds and the Series 2019 Certificates of Participation, and the debt service funds for the Series 2016 Bonds and the Series 2019 Certificates of Participation. As of June 30, 2019, restricted cash and cash equivalents of $7,983,537 consist primarily of unspent proceeds from the Series 2019 Certificates of Participation, and the debt service funds for the Series 2014 and Series 2016 Bonds and the Series 2019 Certificates of Participation.

Inventories – Inventories consist primarily of books and supplies of the College's bookstore and are valued at the lower of cost (first-in, first-out) or market.

Investments – All investments are measured at fair value, based on quoted market prices, in the statements of net position. Investments maturing in one year or less are categorized as short term.

Capital Assets – The College's policy on capitalization and depreciation adheres to the requirement of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Capital assets include land, land improvements, infrastructure, and buildings, building improvements, construction in progress, equipment, furniture, vehicles, software, and library books.

Capital assets greater than $5,000 are capitalized at cost or, if acquired by donation, at acquisition values as of the date received. 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. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Capital Assets (continued)

Capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method. Equipment, furniture, and vehicles are based on date of acquisition and half-year straight-line method for all other capital assets:

Land improvements	20-30 years
Infrastructure	20-25 years
Buildings and building improvements	5-40 years
Equipment, furniture, and vehicles	3-15 years
Software and library books	3-5 years

Interest expense relating to construction that was capitalized net of interest income earned on resources set aside for specific purposes amounted to $0 and $3,010,942 for the years ended June 30, 2020 and 2019, respectively.

Unearned Revenue – Unearned revenue includes tuition and fees for summer sessions and local government revenue. Summer tuition and fee revenue received and related expenses incurred are unearned in their entirety until the next fiscal year. Unearned revenue also includes amounts billed to students for the fall semester of fiscal year 2020 that have not yet been earned.

Reserve for Compensated Absences – Compensated absences, including accumulated unpaid vacation benefits and unpaid sick leave, are accrued to conform to GASB Statement No. 16, *Accounting for Compensated Absences*.

Net Position – Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable, restricted net positions are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes, funds used for capital projects, and debt service. 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. Unrestricted net position is not subject to externally-imposed constraints and may be designated for specific purposes by action of the Board of Trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties. For purposes where both restricted and unrestricted net position is available, the College first applies restricted resources when an expense is incurred.

Operating Revenues and Expenses – All revenues from tuition, auxiliary enterprises and program specific sources including Federal, State, local and private grants and contracts are considered to be operating revenues. Operating expenses include educational costs, auxiliary enterprises, administrative expenses, and depreciation on capital assets. Educational and administrative costs are reported by program. All revenues and expenses not meeting this definition, including State appropriations, property tax revenues, investment income, and interest on capital asset-related debt, are reported as non-operating revenues and expenses.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

Revenue Recognition – State appropriations are recognized when received or made available. Restricted funds are recognized as revenue only to the extent expended. Gifts and interest on student loans are recognized when received. The College's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions.

Grants and Contracts – The College receives grants and contracts from federal, state, and private agencies to fund education programs, research, and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. Indirect costs recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenue received under grants and contracts is subject to the examination and retroactive adjustments by the awarding agency.

Pell Grant Reimbursements – Pell grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amounts recorded as Pell revenue, net of refunds for the years ended June 30, 2020 and 2019 were $6,954,017 and $7,402,521, respectively.

Intergovernmental Receivables and Revenue – Local government revenue is recorded as receivables and revenue when the legal right to the funds has occurred. Other federal and state grants and assistance awards made on the basis of entitlement are recorded as intergovernmental receivables and revenue when entitlement occurs.

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that apply to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported for pensions (explained in Note 10) and other postemployment benefits (explained in Note 11).

In addition to liabilities, the statements of net position report 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 then. For the College, deferred inflows of resources include property taxes, pensions, and net OPEB obligations. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. Deferred inflows of resources related to pensions are explained in Note 10. Deferred inflows of resources related to other postemployment benefits are explained in Note 11.

Pensions/Other Postemployment Benefits (OPEB) – For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense (reduction of expense), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

Note 1: Basis of Presentation and 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 disclosures in the notes. Actual results could differ from the estimates.

Bond Premiums – Bond premiums 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. Under Ohio law, premiums on the original issuance of debt are to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

New Accounting Pronouncements - In fiscal year 2020, the College implemented or is in the process of evaluating implementation of the following Governmental Accounting Standards and Implementation Guides issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* issued in May 2020 and effective immediately, delays the implementation of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statements and guidance to be implemented in future reporting periods include the following:

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017 with the intent of improving guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This pronouncement is effective for reporting periods beginning after December 15, 2019. The College intends to implement this standard in fiscal year 2021 and is evaluating the effect this Statement may have on the College's statements and disclosure requirements.

GASB Statement No. 87, *Leases*, issued in June 2017, the primary objective of this statement is to increase the usefulness of 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The effective date of this standard is reporting periods beginning after June 15, 2021. The College is currently evaluating the effect this Statement may have on the College's statements with initial implementation planned for fiscal year 2023.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

GASB Statement No. 90, *Majority Equity Interests*, issued in August 2018 with the intent of improving 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. This pronouncement is effective for reporting periods beginning after December 15, 2019. The College intends to implement this standard in fiscal year 2021 and is evaluating the effect this Statement may have on the College's statements and disclosure requirements.

GASB Statement No. 91, *Conduit Debt Obligations*, issued in May 2019 with the intent of providing a single method of reporting conduit debt obligations and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This pronouncement is effective for reporting periods beginning after December 15, 2021. The College intends to implement this standard in fiscal year 2023 and is evaluating the effect this Statement may have on the College's statements and disclosure requirements.

COVID-19 Impact – In early calendar 2020, the world began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have affected many businesses. The College closed its campus facilities to students and the public March 24, 2020 with classes continuing through remote delivery, where possible, for the remainder of the spring semester. Summer 2020 classes were offered online only. The federal CARES Act provided funding for colleges to offer financial assistance to eligible students who incurred expenses related to the disruption of campus operations due to COVID-19. The College's total funding allocation through the CARES Act amounted to $3,073,894, of which up to half of the funds are authorized by the U.S. Department of Education to be used to cover associated institutional costs incurred due to significant changes in how instruction is delivered due to the pandemic. As of June 30, 2020, the College awarded $228,266 in emergency grants to students. The College will not be drawing down on the institutional portion until fiscal year 2021. The potential impact of COVID-19 on the College's operations is inherently difficult to predict and could adversely impact its business, financial condition, and/or results of operations.

Note 2: Restatement of Net Position

The College commenced construction of its Health Building Project during fiscal year 2016 and completed the Project in this current fiscal year. These current financial statements reflect that the College restated its total assets and opening net position that resulted from not capitalizing interest and compensation costs applicable to the Project incurred during the fiscal years ended June 30, 2018, 2017, and 2016. The restatement had the following effect on net position as reported at June 30, 2018:

Net Position at June 30, 2018 (as previously reported)	($32,972,433)
Adjustments:	
Capitalized Interest	2,978,030
Capitalized Compensation	1,266,126
Net Position at June 30, 2018 (as restated)	($28,728,277)

Note 3: Cash and Cash Equivalents and Investments

Cash and Cash Equivalents - Ohio law provides that all funds under the control of the College, regardless of the source thereof, may be deposited in banks or trust companies designated by the College. Such banks and trust companies shall furnish security for every such deposit as is required by Ohio Revised Code (ORC) section 135.18. Each public depository in which the College places deposits must pledge eligible securities of aggregate market value equal to the excess amount of deposits not insured by the Federal Depository Insurance Corporation (FDIC).

At June 30, 2020 and 2019, the carrying amount of the College's cash balance was $505,519 and $823,209, respectively. The bank balance at June 30, 2020 and 2019 totaled $1,219,613 and $1,202,787, respectively. The difference represents outstanding checks payable, deposits in transit, and normal reconciling items.

A total of $250,000 of the bank balance was covered by the federal depository insurance for the year ended June 30, 2020. The remainder was specifically secured by U.S. government and municipal securities within the Ohio Pooled Collateral System (OPCS). The College also maintains a small on-hand cash balance to maintain day-to-day operations in the cashier's office, bookstore, and food service operations.

The College has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> 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
>
> Participation in the 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.

Investments – The College's investment policy approved by the Board of 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 – The market value of securities in the College's portfolio will increase or decrease based upon changes in the general level of 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 3: Cash and Cash Equivalents and Investments (continued)

Liquidity Risk – The portfolio remains sufficiently liquid to meet all current obligations of the College. Minimum liquidity levels are established in order to meet all current obligations without having to sell securities. The College forecasts its cash needs and maintains cash balances (related to daily receipts or for immediate expenditure needs) in an interest-bearing bank account. In addition, funds are also invested in the State of Ohio treasurer's STAR investment program fund. The remaining portfolio at June 30, 2020 is made up of United States Treasury and agency issues, negotiable certificates of deposit, and commercial paper. These investments are structured so that securities mature concurrently with cash needs.

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 $4,001,022 and $1,146,166 in negotiable certificates of deposits at June 30, 2020 and 2019, respectively. Credit risk is minimized by (1) diversifying assets by issuer, (2) ensuring that required minimum credit ratings exist prior to the purchase of commercial paper and bankers' acceptances, and (3) maintaining adequate collateralization of certificates of deposits.

Custodial Credit Risk – Investments under management are directed by the College's investment manager, Meeder Investment Management ("investment manager"). The investment manager shall be either registered with the Securities and Exchange Commission or be licensed by the division of securities under Section 1707.141 ORC, and will possess experience in the management of public funds, specifically in the area of state and local government investment portfolios, or an eligible institution referenced in 135.03 ORC.

The investment manager is authorized to manage the investment funds of the College, which includes the selection of eligible investment assets as defined under applicable sections of the ORC, and the selection of eligible broker dealer firms based upon the criteria as determined by the investment advisor.

The investment manager may execute the purchase and/or sale of securities with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities to transact business in the State of Ohio.

The investment manager, eligible financial institutions, and broker/dealers transacting investment business with the College are required to sign the College's investment policy as an acknowledgment and understanding of the contents of said policy.

Securities purchased for the College are held in a safekeeping account established by the College as provided in Section 135.37 ORC. Securities held in safekeeping by the custodian are evidenced by a monthly statement describing such securities. The custodian may safe keep the College's securities in (1) Federal Reserve Bank book entry form, (2) Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank, or (3) nonbook entry (physical) securities held by the custodian or the custodian's correspondent bank. Therefore, the custodial risk is limited.

Note 3: Cash and Cash Equivalents and Investments (continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In 2020, the College had investments in international equity mutual funds of $90,624 (included in the stock mutual funds balance of $308,399), representing less than 1 percent of the College's total investments. In 2019, the College had investments in international equity mutual funds of $94,512 (included in the stock mutual funds balance of $302,070), representing less than 1 percent of the College's total investments.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College's investment policy places no limitation on the amount that may be invested in a single issuer. The College is in full compliance with ORC 135.14 and its own investment policy regarding the concentration of credit risk.

At June 30, 2020, the College's investment portfolio consisted of the following:

2020	Fair Market Value	Less Than One Year	1-4 Years	NRSRO Rating
State Treasurer Asset Reserve Fund (STAR Ohio)	$ 3,336,571	$ 3,336,571	$ -	AAA
Money markets	1,506,719	1,506,719	-	AAA
Negotiable certificates of deposit	4,001,022	-	4,001,022	N/A
Commercial paper	247,923	247,923	-	P-1
U.S. government agency	1,399,027	1,056,507	342,520	AAA
Bond mutual funds	66,010	-	66,010	AA
Stock mutual funds	308,399	308,399	-	N/A
Total cash equivalents and investments	$ 10,865,671	$ 6,456,119	$ 4,409,552	

At June 30, 2019, the College's investment portfolio consisted of the following:

2019	Fair Market Value	Less Than One Year	1-4 Years	NRSRO Rating
State Treasurer Asset Reserve Fund (STAR Ohio)	$ 6,815,628	$ 6,815,628	$ -	AAA
Money markets	1,292,001	1,292,001	-	AAA
Negotiable certificates of deposit	1,146,166	-	1,146,166	N/A
U.S. Treasury	246,641	-	246,641	AAA
U.S. government agency	5,645,596	2,499,540	3,146,056	AAA
Bond mutual funds	107,902	-	107,902	AA
Stock mutual funds	302,070	302,070	-	N/A
Total cash equivalents and investments	$ 15,556,004	$ 10,909,239	$ 4,646,765	

Note 3: Cash and Cash Equivalents and Investments (continued)

Investments by Fair Value Level - The College categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets and Level 2 inputs are significant other observable inputs.

As of June 30, 2020 the College's investments had the following recurring fair value measurements:

Investment Type	2020	Level 1	Level 2
Money markets	$ 1,506,719	$ 1,506,719	$ -
Negotiable certificates of deposit	4,001,022	-	4,001,022
Commercial paper	247,923	-	247,923
U.S. government agency	1,399,027	-	1,399,027
Bond mutual funds	66,010	66,010	-
Stock mutual funds	308,399	308,399	-
Total investments	$ 7,529,100	$ 1,881,128	$ 5,647,972

As of June 30, 2019 the College's investments had the following recurring fair value measurements:

Investment Type	2019	Level 1	Level 2
Money markets	$ 1,292,001	$ 1,292,001	$ -
Negotiable certificates of deposit	1,146,166	-	1,146,166
U.S. Treasury	246,641	-	246,641
U.S. government agency	5,645,596	-	5,645,596
Bond mutual funds	107,902	107,902	-
Stock mutual funds	302,070	302,070	-
Total investments	$ 8,740,376	$ 1,701,973	$ 7,038,403

The Star Ohio investment balances of $3,336,571 and $6,815,628 as of June 30, 2020 and 2019, respectively, are not included in the tables above as this investment is valued at amortized cost.

Level 1 investments include money market investments that are valued at cost plus accrued interest, which approximates fair value. Level 1 investments also include directly held registered bond and stock mutual funds, and are valued using prices quoted in active markets that the custodian and College have the ability to access.

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

Note 4: Loans and Other Receivables

Loans and other receivables relate to several activities including tuition and fees, auxiliary sales, and miscellaneous sales and services. Loans and other receivables are recorded net of allowances for uncollectible accounts of $3,946,386 and $3,965,107 at June 30, 2020 and 2019, respectively.

	2020		2019	
	Current Portion - Net	Noncurrent Portion - Net	Current Portion - Net	Noncurrent Portion - Net
Federal Perkins and nursing student loans	$ -	$ 6,480	$ -	$ 6,673
Employee computer financing	12,707	5,046	14,276	7,073
Student accounts	8,921,076	-	9,231,427	-
Debt proceeds receivable	-	-	-	-
Auxiliary receivables	(31,222)	-	10,922	-
Interest receivable	16,370	-	28,113	-
Sales and service receivables	387,124	-	273,211	-
Total	$ 9,306,055	$ 11,526	$ 9,557,949	$ 13,746

Federal Direct Loans processed for students by the College totaled $7,463,513 and $8,591,328 during the years ended June 30, 2020 and 2019, respectively. The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loans Program and, accordingly, these loans are not included in the College's financial statements.

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Note 5: Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

	June 30, 2019 Balance	Additions		Retirements and Transfers	June 30, 2020 Balance
Nondepreciable assets:					
Land	$ 2,793,744	$ -		$ -	$ 2,793,744
Construction in progress	1,022,528	3,975,777		(4,566,169)	432,136
Depreciable assets:					
Land improvements	4,687,784	1,438,025		-	6,125,809
Infrastructure	6,390,067	958,684		-	7,348,751
Buildings and improvements	172,443,382	1,940,561		(812,476)	173,571,467
Equipment and vehicles	21,426,851	651,213		(77,208)	22,000,856
Software and library books	12,334,082	156,387		-	12,490,469
Total capital assets	221,098,438	9,120,647		(5,455,853)	224,763,232
Less accumulated depreciation:					
Land improvements	3,583,898	141,696		-	3,725,594
Infrastructure	4,228,313	210,421		-	4,438,734
Buildings and improvements	62,140,952	4,017,038		(812,476)	65,345,514
Equipment and vehicles	13,378,839	1,573,879		(77,206)	14,875,512
Software and library books	11,334,137	348,342		-	11,682,479
Total accumulated depreciation	94,666,139	6,291,376	(1)	(889,682)	100,067,833
Capital assets - Net	$ 126,432,299	$ 2,829,271		$ (4,566,171)	$ 124,695,399

(1) Includes $8,749 capitalized interest amortization expense

	June 30, 2018 Balance	Additions		Retirements and Transfers	June 30, 2019 Balance
Nondepreciable assets:					
Land	$ 2,793,744	$ -		$ -	$ 2,793,744
Construction in progress	59,226,941	1,002,528		(59,206,941)	1,022,528
Depreciable assets:					
Land improvements	4,687,784	-		-	4,687,784
Infrastructure	6,390,067	-		-	6,390,067
Buildings and improvements	105,094,550	67,348,832		-	172,443,382
Equipment and vehicles	17,627,051	4,012,410		(212,610)	21,426,851
Software and library books	12,034,415	299,667		-	12,334,082
Total capital assets	207,854,552	72,663,437		(59,419,551)	221,098,438
Less accumulated depreciation:					
Land improvements	3,462,430	121,468		-	3,583,898
Infrastructure	4,046,611	181,702		-	4,228,313
Buildings and improvements	58,902,854	3,238,098		-	62,140,952
Equipment and vehicles	12,112,235	1,466,880		(200,276)	13,378,839
Software and library books	10,977,368	356,769		-	11,334,137
Total accumulated depreciation	89,501,498	5,364,917	(2)	(200,276)	94,666,139
Capital assets - Net	$ 118,353,054	$ 67,298,520		$ (59,219,275)	$ 126,432,299

(2) Includes $8,749 capitalized interest amortization expense

Note 6: Long-Term Obligations

Long-term obligations activity for the years ended June 30, 2020 and 2019 was as follows:

	June 30, 2019 Balance	Additions	Reductions	June 30, 2020 Balance	Current Portion
Long-term debt obligations:					
General Receipts Bonds, Series 2019	$ -	$ 17,775,000	$ -	$ 17,775,000	$ 625,000
Premium on General Receipts Bonds	-	2,432,537	101,357	2,331,180	121,628
Certificates of Participation 2019	22,510,000	-	-	22,510,000	-
Premium on Certificates of Participation	1,484,118	-	59,563	1,424,555	59,563
OAQDA Loan 2016	8,635,004	-	728,991	7,906,013	742,477
General Receipts Bonds, Series 2016A	21,200,000	-	150,000	21,050,000	155,000
Premium on General Receipts Bonds	1,397,723	-	59,267	1,338,456	59,267
General Receipts Bonds, Series 2016B	6,300,000	-	880,000	5,420,000	900,000
Premium on General Receipts Bonds	144,664	-	52,191	92,473	16,562
General Receipts Bonds, Series 2016C	8,575,000	-	-	8,575,000	-
Premium on General Receipts Bonds	865,605	-	51,936	813,669	51,936
General Receipts Bonds, Series 2014	20,700,000	-	20,700,000	-	-
Premium on General Receipts Bonds	427,075	-	427,075	-	-
Total	92,239,189	20,207,537	23,210,380	89,236,346	2,731,433
Net Pension Liability:					
SERS	26,806,720	816,824	-	27,623,544	-
STRS	38,025,519	-	1,869,587	36,155,932	-
Total	64,832,239	816,824	1,869,587	63,779,476	-
Net OPEB Liability:					
SERS	12,691,822	-	1,439,055	11,252,767	-
STRS	-	-	-	-	-
Total	12,691,822	-	1,439,055	11,252,767	-
Other noncurrent obligations:					
Reserve for compensated absences	1,913,811	335,722	-	2,249,533	1,369,844
Total long-term obligations	$ 171,677,061	$ 21,360,083	$ 26,519,022	$ 166,518,122	$ 4,101,277

	June 30, 2018 Balance	Additions	Reductions	June 30, 2019 Balance	Current Portion
Long-term debt obligations:					
Certificates of Participation 2019	$ -	$ 22,510,000	$ -	$ 22,510,000	$ -
Premium on Certificates of Participation	-	1,489,083	4,965	1,484,118	59,563
Tax Anticipation Notes, Series 2017B	10,000,000	-	10,000,000	-	-
Tax Anticipation Notes, Series 2017A	10,000,000	-	10,000,000	-	-
OAQDA Loan 2016	9,350,754	-	715,750	8,635,004	728,991
General Receipts Bonds, Series 2016A	21,355,000	-	155,000	21,200,000	150,000
Premium on General Receipts Bonds	1,456,990	-	59,267	1,397,723	59,267
General Receipts Bonds, Series 2016B	7,155,000	-	855,000	6,300,000	880,000
Premium on General Receipts Bonds	150,798	-	6,134	144,664	6,134
General Receipts Bonds, Series 2016C	8,575,000	-	-	8,575,000	-
Premium on General Receipts Bonds	917,541	-	51,936	865,605	51,936
General Receipts Bonds, Series 2014	20,700,000	-	-	20,700,000	735,000
Premium on General Receipts Bonds	447,993	-	20,918	427,075	20,918
Total	90,109,076	23,999,083	21,868,970	92,239,189	2,691,809
Net Pension Liability:					
SERS	29,488,808	-	2,682,088	26,806,720	-
STRS	41,956,116	-	3,930,597	38,025,519	-
Total	71,444,924	-	6,612,685	64,832,239	-
Net OPEB Liability:					
SERS	12,955,098	-	263,276	12,691,822	-
STRS	6,891,004	-	6,891,004	-	-
Total	19,846,102	-	7,154,280	12,691,822	-
Other noncurrent obligations:					
Reserve for compensated absences	1,744,618	169,193	-	1,913,811	1,095,430
Other liabilities	150,000	-	150,000	-	-
Total long-term obligations	$ 183,294,720	$ 24,168,276	$ 35,785,935	$ 171,677,061	$ 3,787,239

Note 6: Long-Term Obligations (continued)

On September 3, 2019, the College issued $17,775,000 of General Receipts Refunding Bonds (Series 2019) for the purpose of refunding all of the District's outstanding Series 2014 Bonds (the "Refunded Bonds"), for redemption prior to maturity or at maturity on December 1, 2019, at par, and to pay costs of issuance of the Bonds. In 2014, the College issued general receipts bonds in the amount of $20,700,000 representing the par amount of the bonds, at fixed interest rates ranging from 3.25 percent to 5.0 percent and a final maturity in 2039. The bonds are dated November 25, 2014. Bond proceeds were used to refund the Series 2014 Tax Anticipation Notes, acquire the Holden University Center property, and to renovate science labs. The Series 2019 Bonds are at fixed interest rates ranging from 3.0 percent to 5.0 percent and a final maturity in 2039.

The Series 2019 Bonds maturing on and after October 1, 2032 are subject to optional redemption prior to maturity in whole or in part on any date on or after October 1, 2029 at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date. The Series 2019 Bonds due October 1 in the years 2029, 2032, 2034, 2036 and 2039 are subject to mandatory sinking fund redemption. For the Series 2019 Bonds due October 1, 2029, the mandatory sinking fund redemption is to occur at 100% of the principal amount thereof plus accrued interest to the date of redemption.

The Series 2019 Bonds contain provisions specifying terms in the event of default including remedies of trustee and holders. The occurrence of any one or more of the following events constitutes an "Event of Default":

1. Failure to pay any interest on any Obligation when and as the same shall become due and payable;
2. Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;
3. Failure by the District to perform or observe any other covenant, agreement or condition on the part of the District contained in the Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the District by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty five percent in aggregate principal amount of the Obligations then outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the District shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the District to diligently complete such curative action; and
4. The District shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Note 6: Long-Term Obligations (continued)

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the District, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the District from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

On May 23, 2019, the College issued $22,510,000 of Certificates of Participation (the "Certificates") for the purpose of refinancing the $10,000,000 Tax Anticipation Notes, Series 2017A, dated January 18, 2017 and the $10,000,000 Tax Anticipation Notes, Series 2017B, dated July 19, 2017, and to provide additional funds for various capital projects. The Tax Anticipation Notes were issued for the purpose of the acquisition of sites, the erection, furnishing, and equipment of buildings, the acquisition, construction or improvement of any property which the Board of Trustees of a community college district is authorized to acquire, construct, or improve, including the Health Technologies Building. The Certificates are at fixed interest rates ranging from 3.125 percent to 5.0 percent and a final maturity in 2044.

The Certificates maturing after October 1, 2028 shall be subject to redemption at the option of the Trustee, at the direction of the District, either in whole or in part, in such order of maturity as the Trustee shall determine, at the Trustee shall determine, at the direction of the district, on any date on or after April 1, 2029, at 100 percent of par amount of the Certificates redeemed plus, in each case, accrued interest to the date fixed for redemption. The Term Certificates maturing on October 1, 2044 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption.

Note 6: Long-Term Obligations (continued)

The Certificates are secured, with the Health Technologies Building pledged as collateral. The Certificates specify terms in the event of default. The occurrence of any one or more of the following events constitutes an “Event of Default” under this Lease:

1. The College's failure to make, during any Lease Term, any Lease Payment (or any other payment) when due in accordance with the terms of this Lease;

2. The College's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease, and the failure is not cured within 30 days after written notice of the failure to the College by the Lessor or, if the failure is of such a nature that it cannot practicably be cured within such 30 days, steps satisfactory to the Lessor are not taken to cure the failure within such 30 days and the failure is not cured within 90 days after such written notice of the failure to the College by the Lessor; or

3. The discovery by the Trustee or Lessor that any material statement, representation or warranty made by the College in this Lease or in any writing delivered by the College pursuant to or in connection with this Lease is false, misleading or erroneous in any material respect; provided, however, that the Lessor shall not be under any duty to investigate, inquire or ascertain whether any such statements, representations or warranties are false, misleading or erroneous.

The Certificates contain a provision that upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, the Lessor shall be entitled to seek recovery of its damages in an action, suit or proceeding, to the extent permitted under the applicable laws of damages in an action, suit or proceeding, to the extent permitted under the applicable laws of the State or any other applicable law or proceed by appropriate court; provided, however, that there shall be no right under any circumstances to (i) accelerate the maturities of the Rent payments or to otherwise declare any Rent not then past due or in default to be immediately due and payable except as to the portions of Lease Payments provided for a Fiscal Year in which appropriations are made; or (ii) take physical possession of the Project Facilities to the extent that doing so would impair or impede the College's abilities to operate the Project.

The Certificates contain a provision which specifies that the College will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses to the extent permitted by law, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred. If an Event of Default occurs and the Lessor incurs expenses, including attorneys' fees, in connection with the enforcement of or the collection of amounts due under this Lease, the College shall reimburse the Lessor to the extent permitted by law for the expenses so incurred upon demand. The Lessor shall be entitled to seek recovery of such expenses in an action, suit or proceeding to the extent permitted by State law.

Note 6: Long-Term Obligations (continued)

Effective July 19, 2017, the College issued Tax Anticipation Notes (Series 2017B Notes) in anticipation of the collection of a fraction of the proceeds to be received from the collection of a 1.7 mills ad valorem property tax in excess of the 10 mills limitation (the "Tax Levy") for that purpose approved by the electors of the College at an election held on November 3, 1970 and replaced by a vote of the electors on November 2, 2010. The Series 2017B Notes are in the amount of $10,000,000 at a fixed interest rate of 2.44 percent and a maturity date of 2027. The College used the proceeds for the erection, furnishing and equipment of buildings and the improvement of various properties.

All of the draws from the proceeds of the Series 2017B Notes were completed as of August 1, 2019. The principal and interest on the Series 2017B Notes were to be paid from the proceeds of the Tax Levy as levied on all property subject to ad valorem taxes levied by the Board. Semiannual interest payments would have been due on June 1st and December 1st each year commencing on December 1, 2019. Custom annual principal payments would have been due on December 1st of each year commencing on December 1, 2019.

On June 3, 2019, the $10,000,000 Tax Anticipation Notes, Series 2017B, issued on July 19, 2017, were called for optional redemption at par, plus interest accrued to the redemption date.

Effective January 18, 2017, the College issued Tax Anticipation Notes (Series 2017A Notes) in anticipation of the collection of a fraction of the proceeds to be received from the collection of a 1.7 mills ad valorem property tax in excess of the Tax Levy for that purpose approved by the electors of the College at an election held on November 3, 1970 and replaced by a vote of the electors on November 2, 2010. The notes were in the amount of $10,000,000 at a fixed interest rate of 2.7 percent and a maturity date of 2027. The Series 2017A Notes were issued for the purpose of providing funds for the acquisition of sites; the erection, furnishing, and equipment of buildings; the acquisition, construction, or improvement of any property which the Board is authorized to acquire, construct, or improve, and which has an estimated life of usefulness of five years or more as certified by the fiscal officer; and the payment of operating costs of the College.

The Series 2017A Notes were payable as to both principal and interest from the proceeds of the Tax Levy, and were issued under authority of and pursuant to the laws of the State of Ohio, particularly Sections 3354.12 and 133.24 of the Revised Code, the requisite majority vote of the electors of the College cast at an election held on November 2, 2010 upon the question of the Tax Levy, and a resolution adopted by the Board on December 1, 2016 and a Certificate of Award dated January 18, 2017 (collectively, the "Note Legislation"). The Series 2017A Notes were subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amount.

On June 3, 2019, the $10,000,000 Tax Anticipation Notes, Series 2017A, issued on January 18, 2017, were called for optional redemption at par, plus interest accrued to the redemption date.

Note 6: Long-Term Obligations (continued)

In 2016, the College and the Ohio Air Quality Development Authority (OAQDA) entered into a resolution where the OAQDA authorized issuance of revenue bonds in the aggregate principal amount of $10,388,237 at fixed interest rates ranging from 1.85 percent to 3.62 percent and a final maturity in 2029. The proceeds were used to assist in the financing of certain air quality facilities in the form of energy conservation measures to be installed in the Lakeland Health Technology Building owned by the College. This major energy conservation project includes electrical upgrades to include interior/exterior lighting and controls, mechanical upgrades and HVAC upgrades, building envelope R-30 roof replacement and window reglazing or replacement, and water efficiency.

In 2016, the College issued $21,510,000 in Series 2016A Bonds at fixed interest rates ranging from 2.0 percent to 5.0 percent and a final maturity in 2042, for all or part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science, and for the acquisition or construction of any property which the board of trustees of a community college district is authorized to acquire or construct, including infrastructure improvements. The Series 2016A Bonds maturing on or after December 1, 2027 are subject to redemption at the option of the College, either in whole or in part, in such order of maturity as the College shall determine, on any date on or after December 1, 2026, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

In 2016, the College issued $8,990,000 in Series 2016B Bonds, at fixed interest rates ranging from 2.0 percent to 3.25 percent and a final maturity in 2025, to refund the 2008 Tax Anticipation Notes (Series 2008 Notes) previously issued on July 22, 2008 of $8,500,000 and the 2011 Tax Anticipation Notes (Series 2011 Notes) previously issued on June 29, 2011 of $9,500,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments of the Series 2008 Notes and the Series 2011 Notes. As a result, the Series 2008 Notes and the Series 2011 Notes are considered defeased, and the College has removed the liabilities from its accounts. As the result of refunding, total debt service payments relating to the Series 2008 Notes, which were scheduled to mature in December 2019, were reduced by $3,202,335, and total debt service payments relating to the Series 2011 Notes, which were scheduled to mature in December 2021, were reduced by $6,509,850. The refunding of the Series 2008 Notes resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $169,235. The refunding of the Series 2011 Notes resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $317,890. As of June 30, 2020 and 2019, $-0- of the Series 2008 Notes remained outstanding and $2,010,000 and $2,970,000 of the Series 2011 Notes remained outstanding, respectively. The Series 2016B Bonds, Series 2008 Notes and Series 2011 Notes are not subject to redemption at the option of the College prior to their stated maturity.

In 2016, the College issued $8,575,000 in Series 2016C Bonds, at fixed interest rates ranging from 3.5 percent to 4.0 percent and a final maturity in 2035, for the purpose of retiring the College's Facilities Construction and Improvement Notes, Series 2015, issued for the purpose of financing all or a part of the cost of purchasing sites and for the erection, furnishing, and equipment of buildings, including buildings used for Applied Health Technology, Science and Bio-Science, and for the acquisition or construction of any property which the board of trustees of a community college district is authorized to acquire or construct, including infrastructure

Note 6: Long-Term Obligations (continued)

improvements, and repaying moneys previously borrowed, advanced, or granted and expended for such purpose. The Bonds are subject to redemption at the option of the College, either in whole or in part, in such order of maturity as the College shall determine, on any date on or after December 1, 2025, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The Series 2016A, 2016B, and 2016C Bonds are issued in conformity with Revised Code Chapter 133, and are, therefore, lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other funds of the State, subdivisions and taxing districts, the Commissioners of the Sinking Fund of the State, the Administrator of Workers' Compensation, the State teachers, public employees, and school employees retirement systems, and the police and firemen's disability and pension fund, and are eligible as security for the repayment of the deposit of public moneys.

The Series 2016A, 2016B, and 2016C Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District. The Bonds are secured by the pledge of the full faith and credit of the District for the payment thereof and by the pledge of the District to levy ad valorem taxes outside the ten mill limitation of Article XII, Section 2 of the Constitution of the State of Ohio, upon all property on the general tax lists and duplicates of the District, in an amount sufficient to pay the principal of and interest on the Bonds when due, which taxes are unlimited as to rate and amount. Failure of the District to perform any of its undertakings contained in the Disclosure Certificates shall not constitute an event of default with respect to the Bonds. The exclusive remedy for any such failure shall be enforcement of the District's obligations to so perform by actions or proceedings taken in accordance with Ohio Revised Code Section 133.25(B)(4)(b) or Section 133.25(C)(1).

The 0.4 mills levy approved by Lake County voters on November 3, 2015 will fully fund the debt service requirements on the College's Series 2016A, 2016B, and 2016C Bonds.

In 2014, the College issued general receipts bonds in the amount of $20,700,000 representing the par amount of the bonds, at fixed interest rates ranging from 3.25 percent to 5.0 percent and a final maturity in 2039. The notes are dated November 25, 2014. Bond proceeds were used to refund the Series 2014 Tax Anticipation Notes, acquire the Holden University Center property, and to renovate science labs.

The Series 2014 Bonds are special obligations of the College. Bondholders have no right to have excises or taxes levied by the State of Ohio General Assembly or by the College for their payment. Principal and interest on the Bonds are payable solely from and secured by a pledge of the College's general receipts and bond proceeds. State appropriations, local ad valorem property tax receipts, and other restricted receipts are specifically excluded from general receipts. According to bond covenants, the College includes in its budget for each fiscal year amounts from general receipts that are at least sufficient to pay debt service charges payable that fiscal year from general receipts, as well as to satisfy other requirements.

Note 6: Long-Term Obligations (continued)

The Series 2014 Bonds contain provisions specifying terms in the event of default including remedies of trustee and holders. The occurrence of any one or more of the following events constitutes an "Event of Default":

1. Failure to pay any interest on any Obligation when and as the same shall have become due and payable;

2. Failure to pay the principal of or any premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any Mandatory Sinking Fund Requirements;

3. Failure by the Issuer to perform or observe any other covenant, agreement or condition on the part of the Issuer contained in this Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the Issuer by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty five percent in aggregate principal amount of the Obligations then outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the Issuer shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the Issuer to diligently complete such curative action;

4. The Issuer shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the occurrence of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of the Obligations outstanding shall, declare the principal of all Obligations, together with accrued interest thereon, to be immediately due and payable on the announced accelerated maturity date. Upon any such declaration, which shall be made by a notice in writing given to the Issuer, the principal of and accrued interest, if any, on the ligations shall become and be immediately due and payable on the accelerated maturity date announced in such notice, which date shall be a Business Day not more than five days following the date of declaration of acceleration. Interest on the accelerated Obligations shall accrue to the announced accelerated maturity date; provided that interest shall continue to accrue on the Obligations after the announced accelerated maturity date to the extent that moneys are not on deposit on such date in the Bond Fund for the retirement of the principal of the Obligations.

Note 6: Long-Term Obligations (continued)

In 2020, the $20,700,000 General Receipts Bonds, Series 2014, issued on November 25, 2014, were refunded prior to maturity, at par. On September 3, 2019, the College issued $17,775,000 of General Receipts Refunding Bonds (Series 2019) for the purpose of refunding all of the District's outstanding Series 2014 Bonds (the "Refunded Bonds"), for redemption prior to maturity or at maturity on December 1, 2019, at par, and to pay costs of issuance of the Bonds.

Scheduled principal maturities and total debt service for fiscal years subsequent to June 30, 2020 are as follows:

Fiscal Years Ending	Principal	Interest	Total
2021	$ 2,422,477	$ 3,160,478	$ 5,582,955
2022	3,036,213	3,078,702	6,114,915
2023	3,120,203	2,979,570	6,099,773
2024	3,214,452	2,870,606	6,085,058
2025	3,305,974	2,751,260	6,057,234
2026-2030	18,026,694	11,643,086	29,669,780
2031-2035	16,380,000	7,992,950	24,372,950
2036-2040	20,575,000	4,239,060	24,814,060
2041-2045	13,155,000	913,228	14,068,228
Total	$ 83,236,013	$ 39,628,940	$ 122,864,953

Note 7: Operating Lease Obligations

The College has entered into various lease agreements, which are considered operating leases. Total rental expense under operating leases during the years ended June 30, 2020 and 2019 amounted to $109,693 and $222,539, respectively. Two operating leases are outstanding at June 30, 2020. One was for a motor vehicle and the other was for office equipment.

The five-year lease on the College's facility in Madison was up for renewal on August 31, 2019. In light of the projected low enrollment at the Madison campus, the college has decided not to renew the lease.

Future minimum lease payments as of June 30, 2020 under operating leases are as follows for the fiscal years ending June 30:

2021	$ 72,534
2022	2,130
Total	$ 74,664

Note 8: State Appropriations

The College is a state-assisted institution of higher education and receives student-based support from the State. This support is determined annually based upon a formula devised by the State. In addition to this student support, the State provides funding for the construction of major academic plant facilities on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, is used for the construction and subsequent transfer of the facility to the College.

College facilities are not pledged as collateral for the OPFC revenue bonds. Instead, these bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of the State. If sufficient monies are not available from the fund, the Ohio Department of Higher Education, formerly known as the Ohio Board of Regents, shall assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

As a result of the above described financial assistance provided by the State to the College, outstanding debt issued by the OPFC is not included on the College's statements of net position. In addition, the appropriations by the general assembly to the Ohio Department of Higher Education for payments of debt service are not reflected and the related debt service payments are not recorded in the College's accounts.

Note 9: Local Appropriations

The College receives local appropriations in the form of property taxes levied against real and public utility property in the County of Lake, Ohio (the "County"). Real property taxes and public utility taxes are levied after October 1 on assessed value listed as of January 1, the lien date. Taxes collected on "real property" in one calendar year are levied in the preceding calendar year.

The electors within the County must approve any Lake County Community College District d/b/a Lakeland Community College property tax. Lake County Community College District d/b/a Lakeland Community College receives property taxes for operating and capital purposes from three levies approved by the County voters: a 1.7 mills stated rate for a continuing period, a 1.5 mills stated rate for 10 years, and a 0.4 mills for 27 years. On November 2, 2010, Lake County voters approved a "replacement" of the 1.7 mills continuing levy.

With this replacement levy approved, the incremental revenue was approximately \$8.0 million effective in 2012 after generating \$4.0 million for half year assessments in 2011. The incremental \$8.0 million dollars, as compared to 2010, is expected to continue unless another replacement is passed. On November 8, 2011, the 1.5 mills levy was renewed by the Lake County voters. The 0.4 mills levy was approved by Lake County voters on November 3, 2015.

Revenue authorization is recognized based on the taxing authority's amounts to be distributed to the tax district and its certification of the College's annual budget. The taxing authority does not authorize the distribution of the tax assessment for the calendar year 2020 until October 2020, thus not legally making it available to the College until after the end of the College's fiscal year for that year's calendar assessment. The College has recognized one-half year of its real property and public utility property tax receipts due as an intergovernmental receivable in the current fiscal year. Property taxes receivable represent outstanding real and public utility

Note 9: Local Appropriations (continued)

property taxes, which were measurable at June 30, 2020. Total property tax collections for the next fiscal year are measurable amounts. However, since these revenue collections to be received during the available period are not intended to finance 2020 operations, the receivable amount is recorded as deferred inflows of resources.

Tax Incentives and Tax Abatements

Several of the cities, villages and townships within Lake County have authorized, through the passage of public ordinances/resolutions, different real estate tax incentives. The first of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 5709, is called Tax Increment Financing Agreements (TIF's). Under a TIF, the property owner makes Payments in Lieu of Taxes (PILOT's) in the same amount as the property tax, on improvements made to the respective property since the inception of the TIF. The PILOT's are used by the respective cities, villages and townships to finance infrastructure improvements to the properties included within the TIF. The revenue derived from the PILOT's is redirected from the "normal" distribution had the TIF not been established. With respect to College funds, none of the PILOT's are remitted to the College, but instead are remitted to the respective cities, villages and townships to finance the construction of the respective improvements.

The following are the amounts that would have been received by the College, for the fiscal years ended June 30, 2020 and 2019 had the TIF agreements not been established and the improvements still constructed:

	Years Ended June 30	
District	**2020**	**2019**
Mentor City	$ 203,021	$ 182,871
Painesville City	33,242	45,356
Willowick City	18,803	18,932
Concord Township	12,885	12,942
Madison Township	1,223	1,438
Willoughby Hills City	-	4,808
Total	**$ 269,174**	**$ 266,347**

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Note 9: Local Appropriations (continued)

Tax Incentives and Tax Abatements (continued)

The second of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 3735, is called Community Reinvestment Areas (CRA's). In order to establish a CRA, a city, village or township must survey the housing within its jurisdiction and determine that all or part(s) of the jurisdiction has an area(s) that has housing facilities or structures of historical significance and that repair of these facilities and/or structures is currently lacking incentives. By establishing a CRA within its jurisdiction, the respective government can offer real estate tax abatements on improvements made to such facilities and/or structures. The percentage and length of time of these abatements is negotiated by the respective government and property owner. With respect to College funds, none of the abated tax revenue is received during the duration of the abatement.

The following are the amounts that would have been received by the College, for the fiscal years ended June 30, 2020 and 2019 had the CRA's not been established and the improvements still constructed:

	Years Ended June 30	
District	**2020**	**2019**
Willoughby City	$ 35,499	$ 27,718
Mentor City	19,511	16,921
Painesville Township	6,799	6,775
Painesville City-Painesville Township School District	185	6,568
Willoughby Hills City	3,357	3,345
Eastlake City	1,293	1,578
Fairport Harbor Village	301	-
Wickliffe	101	-
Mentor-on-the-Lake City	11	-
Painesville City	1,612	578
Total	**$ 68,669**	**$ 63,483**

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Note 10: Defined Benefit Pension Plans

Net Pension/OPEB Liability (Asset)

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

GASB 68 and 75 assumes the liability (asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Funded benefits is presented as a long-term net pension/OPEB asset. Any liability for the contractually-required contribution outstanding at the end of the year is included as *accounts payable and accrued liabilities* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Note 10: Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Members attaining 25 years of service after August 1, 2017
Full benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0% while the funding for Health Care Fund was 0.0%.

Note 10: Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either SERS 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 SERS at a rate of 3.48% of payroll in fiscal year 2020.

The College's contractually required contributions to SERS for pension were $2,110,438 and $2,185,337 for fiscal years 2020 and 2019, respectively.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Note 10: Defined Benefit Pension Plans (continued)

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

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate goes to the DC Plan and 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

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

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

Alternative Retirement Plan – Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their date of hire to select a retirement plan. For employees who select an ARP, employers are required to remit employer contributions to STRS at a rate of 4.47% of payroll in fiscal year 2020.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020 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 were $2,669,968 and $2,739,481 for fiscal years 2020 and 2019, respectively.

Note 10: Defined Benefit Pension Plans (continued)

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

The net pension liability was measured as of June 30, 2019 and 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense at June 30, 2020 and 2019:

	SERS	STRS	Total
Proportion of net pension liability current measurement date	0.461687%	0.163495%	
Proportion of net pension liability prior measurement date	0.468061%	0.172940%	
Change in proportionate share	(0.006374)%	(0.009445)%	
Proportionate share of the net pension liability, at June 30, 2020	$ 27,623,544	$ 36,155,932	$ 63,779,476
Proportionate share of the net pension liability, at June 30, 2019	$ 26,806,720	$ 38,025,519	$ 64,832,239
Pension expense, for the year ended June 30, 2020	$ 3,030,591	$ 3,420,323	$ 6,450,914
Pension expense (reduction of expense), for the year ended June 30, 2019	$ (1,065,713)	$ (2,171,951)	$ (3,237,664)

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.

Note 10: Defined Benefit Pension Plans (continued)

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

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 700,472	$ 294,370	$ 994,842
Changes in assumptions	-	4,247,212	4,247,212
College contributions subsequent to the measurement date	2,110,438	2,669,968	4,780,406
Total deferred outflows of resources	**$ 2,810,910**	**$ 7,211,550**	**$ 10,022,460**

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 156,512	$ 156,512
Net difference between projected and actual earnings on pension plan investments	354,582	1,767,106	2,121,688
Changes in proportionate share and difference in employer contributions	643,791	2,494,111	3,137,902
Total deferred inflows of resources	**$ 998,373**	**$ 4,417,729**	**$ 5,416,102**

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,470,179	$ 877,745	$ 2,347,924
Changes in assumptions	605,354	6,738,839	7,344,193
College contributions subsequent to the measurement date	2,185,337	2,739,481	4,924,818
Total deferred outflows of resources	**$ 4,260,870**	**$ 10,356,065**	**$ 14,616,935**

Note 10: Defined Benefit Pension Plans (continued)

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

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 248,330	$ 248,330
Net difference between projected and actual earnings on pension plan investments	742,733	2,305,824	3,048,557
Changes in proportionate share and difference in employer contributions	1,602,271	2,388,148	3,990,419
Total deferred inflows of resources	**$ 2,345,004**	**$ 4,942,302**	**$ 7,287,306**

The $4,780,406 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 196,774	$ 1,325,533	$ 1,522,307
2022	(672,170)	(278,097)	(950,267)
2023	(23,595)	(769,162)	(792,757)
2024	201,090	(154,421)	46,669
Total	$ (297,901)	$ 123,853	$ (174,048)

Actuarial Assumptions – SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2135.

Note 10: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS (continued)

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019 and 2018 are presented below:

Valuation date	June 30, 2019 and 2018
Actuarial cost method	Entry age normal (level percent of payroll)
Actuarial Assumptions:	
Investment rate of return	7.50%, net of investments expense
COLA or Ad Hoc COLA	2.50%, on or after April, 1 2018, COLA's for future retirees will be delayed for three years following commencement.
Future salary increases, including inflation	3.50% to 18.20%
Inflation	3.00%

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class for measurement years 2019 and 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US equity	22.50	4.75
International equity	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	10.00	3.00
Total	100.00%	

Note 10: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability at June 30, 2020	$ 38,710,459	$ 27,623,544	$ 18,325,776

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability at June 30, 2019	$ 37,759,287	$ 26,806,720	$ 17,623,726

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increase	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0.00% effective July 1, 2017

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

Note 10: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – STRS (continued)

with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 and 2018, valuations are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for measurement years 2019 and 2018 are summarized as follows:

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and does not include investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**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 pension liability was 7.45% as of June 30, 2019 and 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's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019 and 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, 2019 and 2018.

Note 10: Defined Benefit Pension Plans (continued)

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%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability at June 30, 2020	$ 52,837,867	$ 36,155,932	$ 22,033,820

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability at June 30, 2019	$ 55,531,263	$ 38,025,519	$ 23,209,279

Note 11: Defined Benefit OPEB Plans

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description – The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. The SERS Retirement Board established the rules for the premiums paid by the retirees for health

Note 11: Defined Benefit OPEB Plans (continued)

Plan Description - School Employees Retirement System (SERS) (continued)

care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal years ended June 30, 2020 and 2019, 0.0% and 0.5%, respectively, of covered payroll was made to health care. Active employee members do not contribute to the Health Care Plan. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years ended June 30, 2020 and 2019, this amount was $19,600 and $21,600, respectively. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years ended June 30, 2020 and 2019, the College's surcharge obligations were $127,284 and $152,791, respectively.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contributions to SERS for healthcare were $127,284 and $232,503 for fiscal years 2020 and 2019, respectively. Of these amounts, $127,284 and $153,337 were reported as an accounts payable and accrued liability for fiscal years 2020 and 2019, respectively.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan 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, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal years ended June 30, 2020 and 2019, STRS did not allocate any employer contributions to post-employment health care.

Note 11: Defined Benefit OPEB Plans (continued)

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

The net OPEB liability (asset) was measured as of June 30, 2019 and 2018, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date for SERS and STRS. The College's proportion of the net OPEB liability (asset) was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of net OPEB liability/asset current measurement date	0.447464%	0.163495%	
Proportion of net OPEB liability/asset prior measurement date	0.457483%	0.172940%	
Change in proportionate share	(0.010019)%	(0.009445)%	
Proportionate share of the net OPEB asset, at June 30, 2020	$ -	$ 2,707,870	$ 2,707,870
Proportionate share of the net OPEB asset, at June 30, 2019	$ -	$ 2,778,961	$ 2,778,961
Proportionate share of the net OPEB liability, at June 30, 2020	$ 11,252,767	$ -	$ 11,252,767
Proportionate share of the net OPEB liability, at June 30, 2019	$ 12,691,822	$ -	$ 12,691,822
OPEB expense (reduction of expense), for the year ended June 30, 2020	$ 56,734	$ (887,304)	$ (830,570)
OPEB (reduction of expense) expense, for the year ended June 30, 2019	$ (219,913)	$ 6,073,246	$ 5,853,333

Note 11: Defined Benefit OPEB Plans (continued)

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

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 165,181	$ 245,488	$ 410,669
Changes in assumptions	821,886	56,919	878,805
Net difference between projected and actual earnings on OPEB plan investments	27,011	-	27,011
College contributions subsequent to the measurement date	127,284	-	127,284
Total deferred outflows of resources	$ 1,141,362	$ 302,407	$ 1,443,769
Deferred inflows of resources			
Differences between expected and actual experience	$ 2,472,156	$ 137,766	$ 2,609,922
Changes in assumptions	630,572	2,968,861	3,599,433
Net difference between projected and actual earnings on OPEB plan investments	-	170,074	170,074
Changes in proportionate share and difference in employer contributions	993,126	259,249	1,252,375
Total deferred inflows of resources	$ 4,095,854	$ 3,535,950	$ 7,631,804

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 207,175	$ 324,587	$ 531,762
College contributions subsequent to the measurement date	232,503	-	232,503
Total deferred outflows of resources	$ 439,678	$ 324,587	$ 764,265

Note 11: Defined Benefit OPEB Plans (continued)

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

Deferred inflows of resources

Differences between expected and actual experience	$ -	$ 161,911	$ 161,911
Changes in assumptions	1,140,264	3,786,554	4,926,818
Net difference between projected and actual earnings on OPEB plan investments	19,042	317,474	336,516
Changes in proportionate share and difference in employer contributions	866,359	250,586	1,116,945
Total deferred inflows of resources	$ 2,025,665	$ 4,516,525	$ 6,542,190

The $127,284 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (924,236)	$ (704,650)	$ (1,628,886)
2022	(521,144)	(704,651)	(1,225,795)
2023	(513,216)	(636,489)	(1,149,705)
2024	(514,507)	(612,578)	(1,127,085)
2025	(432,048)	(573,900)	(1,005,948)
Thereafter	(176,625)	(1,275)	(177,900)
Total	$ (3,081,776)	$ (3,233,543)	$ (6,315,319)

Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage inflation	3.00%
Projected salary increases	3.50% to 18.20%, including inflation
Investment rate of return	7.50%
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.22%
Prior Measurement date	3.70%
Medical Trend Assumption	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – SERS (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Wage increase, including price inflation	3.50% to 18.20%
Investment rate of return	7.50% net of System expense, including price inflation
Municipal Bond Index Rate:	
Measurement Date	3.62%
Prior Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70%
Prior Measurement Date	3.63%
Medical Trend Assumption	
Medicare	5.375% to 4.75%
Pre-Medicare	7.25% to 4.75%

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.

The most recent experience study was completed for the five-year period ended June 30, 2015.

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

Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – SERS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US equity	22.50	4.75
International equity	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	10.00	3.00
Total	100.00%	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 1.50% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2029 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

The discount rate used to measure the total OPEB liability at June 30, 2018 was 2.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Note 11: Defined Benefit OPEB Plans (continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate.

The following table presents as of June 30, 2019 the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1% point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
College's proportionate share of the net OPEB liability as of June 30, 2020	$ 13,658,724	$ 11,252,767	$ 9,339,748

	1% Decrease (6.00-3.75%)	Current Trend Rate (7.00-4.75%)	1% Increase (8.00-5.75%)
College's proportionate share of the net OPEB liability as of June 30, 2020	$ 9,015,745	$ 11,252,767	$ 14,220,751

The following table presents as of June 30, 2018 the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1% point lower lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
College's proportionate share of the net OPEB liability as of June 30, 2019	$ 15,263,284	$ 12,691,822	$ 10,547,035

	1% Decrease (6.25-3.75%)	Current Trend Rate (7.25-4.75%)	1% Increase (8.25-5.75%)
College's proportionate share of the net OPEB liability as of June 30, 2019	$ 10,239,972	$ 12,691,822	$ 15,938,512

Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019 actuarial valuation are presented below:

Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	5.87%	4.00%
Medicare	4.93%	4.00%
Prescription drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the measurement date June 30, 2018, actuarial valuation 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 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 and 2018 valuations are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS (continued)

The target allocation and long-term expected rate of return for each major asset class for measurement years 2019 and 2018 are summarized as follows:

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and does not include investment expenses. Over a 30-year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** 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 liability was 7.45% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2019 and 2018.

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Note 11: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – STRS (continued)

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, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) 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	Current Discount Rate	1% Increase
College's proportionate share of the net OPEB asset at June 30, 2020	$ 2,310,627	$ 2,707,870	$ 3,041,857

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB asset at June 30, 2020	$ 3,070,599	$ 2,707,870	$ 2,263,613

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 liability 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	Current Discount Rate	1% Increase
College's proportionate share of the net OPEB asset at June 30, 2019	$ 2,381,830	$ 2,778,961	$ 3,112,732

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB asset at June 30, 2019	$ 3,093,890	$ 2,778,961	$ 2,459,127

Note 11: Defined Benefit OPEB Plans (continued)

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

Note 12: Lake County Schools' Health Care Consortium

Effective November 1, 2001, the College joined the Lake County Schools Council (LCSC). Under state law, the LCSC was formed as a council of governments and includes a number of the boards of education in Lake County. The purpose of the LCSC is to undertake a joint program for the provision of health care benefits to the employees of those districts and their eligible dependents, as well as fostering cooperation among districts, from time to time, in other areas of educational services. As a related but separate agreement, the LCSC maintains a health care benefits consortium (the "Consortium").

The Consortium allows each political district to maintain its current plan designs (through selected providers) and allows efficiencies and economic benefits to occur through the group's buying power. The College, as well as the other LCSC members, utilizes the LCSC as its health care benefits administrator. The LCSC in turn manages various health care benefit organizations to deliver those services.

Since its inception, LCSC has built up its net assets and LCSC members are responsible for funding and setting aside reserves to pay its various health care benefit obligations. As part of joining the LCSC, the College's Board of Trustees authorized payment to the LCSC in the amount of $680,239 as the College's assessment for inclusion in the LCSC's healthcare benefits program as a member of equal standing. The entire assessment was expensed in fiscal year 2002 since the assessment is not guaranteed to be refunded to the College should the College at any time voluntarily withdraw from the LCSC.

Under its agreements and bylaws, the Consortium's fiscal year-ends each June 30 and the treasurer of the LCSC is a position appointed by the board of directors of the LCSC. Prior to the beginning of each fiscal year, health care program and related costs and adjustments (program costs) are estimated and allocated to each member as a required contribution for that fiscal year. If contributions are insufficient to pay actual program costs during any fiscal year, members may be required to share in those additional costs or deficiencies during that fiscal year. The LCSC has purchased a stop-loss insurance policy with a maximum loss of $500,000 per claimant. The LCSC audit report is available at the Ohio Auditor of State website (https://ohioauditor.gov) or upon request.

Note 13: Risk Management

On November 1, 2011, the College joined with seven other state-assisted community colleges in Ohio to form an insurance-purchasing pool for the acquisition of commercial property, casualty, and general liability insurance. The College pays annual premiums to the pool for coverage based on its percentage of the total insurable value to the pool. There are thirteen members in the pool as of June 30, 2020.

Through the normal course of operations, the College is occasionally named as a defendant in legal actions and claims. In the opinion of management and legal counsel, any liability which may ultimately be incurred will not have a material adverse effect on the financial condition of the College. The College purchases commercial insurance to cover general liability losses.

Note 14: Subsequent Event

On May 7, 2020, the College's Board of Trustees approved a Resolution authorizing the College to issue one or more General Receipts Bonds, Series 2020. The College has determined to issue $2,750,000 principal amount of General Receipts Bonds, Series 2020 for the purpose of, among other things, funding the interest due on the Series 2019 Certificates of Participation through April 1, 2021 and funding a portion of the interest due on the Series 2019 Certificates of Participation on October 1, 2021. The College closed this transaction on September 29, 2020.

Note 15: Discretely Presented Component Unit

Note 1: Nature of Activities

The Lakeland Foundation (the "Foundation") was formed in 1981 to obtain private financing support for the promotion of excellence at Lakeland Community College (LCC) and operates for the benefit and is a component unit of LCC. The Foundation provides scholarships, support, and loans to financially disadvantaged students, students demonstrating excellent academic abilities, and students meeting criteria of specific donor stipulations. The Foundation also provides support to specific educational departments and programs of LCC. The accounting records for the Foundation are maintained at LCC in Kirtland, Ohio. Certain administrative expenses of the Foundation are paid directly by LCC.

The Foundation serves as fiscal agent for two community organizations. The cash on hand and due these organizations is reflected on the statement of financial position as "Cash held for others" and "Due to custodial funds."

The Foundation's primary sources of revenue are endowment income and public support through grants and donations from individuals, corporations, foundations, and trusts located primarily in northeastern Ohio.

Note 15: Discretely Presented Component Unit (continued)

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and are therefore available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets Without Donor Restrictions (*Undesignated*) – Consists of net assets that are not subject to donor-imposed restrictions nor have been designated for a specific purpose by the Foundation's Board of Directors. The purpose of these net assets is to provide support for the daily operations and the mission of the Foundation.

Basis of Presentation (continued)

Net Assets Without Donor Restrictions (Board-designated) – Consists of net assets that can be used only for the specific purposes determined by a formal action of the Foundation's Board of Directors, which is the Foundation's highest level of decision-making authority. Commitments may be changed or lifted only by the Foundation's Board of Directors taking the same formal action that imposed the constraint originally.

Net Assets With Donor Restrictions – Net assets whose use has been limited by donor-imposed time and/or purpose restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Some net assets with donor restrictions include a donor stipulation that assets provided be maintained permanently (perpetual in nature) by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets for general or specific purposes.

Note 15: Discretely Presented Component Unit (continued)

Note 2: Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncement

The FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that superseded existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. On July 1, 2019, the Organization adopted this ASU. The Organization's financial statements have been updated to reflect the implementation of this standard on a retrospective basis. There was no impact on beginning net assets as a result of this implementation.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* to provide clarity in the requirements for the presentation of restricted cash on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018. The Foundation's financial statements have been updated to reflect the implementation of this standard on a retrospective basis. There was no impact on beginning net assets as a result of this implementation. Cash and cash equivalents as presented on the statements of cash flows were updated to include cash held for others in total cash balances at the end of each year presented.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange transactions subject to other revenue recognition guidance. This ASU gives further guidance related to when a contribution is deemed to be conditional such that recognition of revenue should be delayed until conditions are substantially met. On July 1, 2019, the Organization adopted this ASU, as it relates to contributions received. The Organization's financial statements have been updated to reflect the implementation of this standard on a modified-prospective basis. There was no impact on beginning net assets as a result of this implementation. Management is currently evaluating the impact of this ASU on its accounting for contributions made, which will be effective for fiscal years beginning after December 15, 2019.

Comparative Financial Statements

The financial statements include certain prior-year comparative total amounts. Such comparative total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the comparative total amounts were derived.

Note 15: Discretely Presented Component Unit (continued)

Note 2: Summary of Significant Accounting Policies (continued)

COVID-19 Impact

In early calendar 2020, the world began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have affected many businesses. The financial markets have experienced significant volatility. Governmental agencies have made indications of their desire to provide aid to those businesses affected by COVID-19. During May 2020, the Foundation received a loan through the U.S. Small

Business Administration under the provisions of the Payroll Protection Program (PPP) in the amount of $73,800, at an interest rate of 1% per annum with a two-year maturity. Under terms of the PPP certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. It is management's intent to seek forgiveness of the entire loan amount pursuant to the forgiveness provisions under the program. The potential impact of COVID-19 on the Foundation's operations is inherently difficult to predict and could adversely impact its business, financial condition, and/or results of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit. Money market investments are considered investments.

Cash and cash equivalents as presented in the Foundation's statements of cash flows included the following at June 30:

	2020	2019
Cash and cash equivalents	$ 514,034	$ 608,920
Cash held for others	10,029	5,974
	$ 524,063	$ 614,894

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, and pledges receivable.

The Foundation has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the committee believes that the investment policy is prudent for the long-term welfare of the Foundation.

Note 15: Discretely Presented Component Unit (continued)

Note 2: Summary of Significant Accounting Policies (continued)

Credit risk with respect to pledges receivable is limited due to the number and credit worthiness of the foundations, corporations, governmental units, and individuals who comprise the contributor base.

At various times during the year ended June 30, 2020, the Foundation's cash in bank balances may have exceeded the federal insured limits.

Investments

Investments in marketable securities are stated at fair market value.

The Foundation's practice with respect to contributions of equity securities is to sell the securities upon receipt for their current fair market value. Realized and unrealized gains and losses, interest, dividends, and investment fees arising during the period are included in investment return, net in the accompanying statement of activities.

Contributions

The Foundation accounts for donations in accordance with ASC 958. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor- imposed restrictions, if any, on the contributions.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas.

Tax Status

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

The Foundation accounts for income taxes in accordance with the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2020, the Foundation has identified no uncertain income tax positions and has

Note 15: Discretely Presented Component Unit (continued)

Note 2: Summary of Significant Accounting Policies (continued)

incurred no amounts for income tax penalties and interest for the year then ended.

The Foundation files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio.

Pledges Receivable

Pledges receivable are funds primarily committed as part of the major gifts campaign. The Foundation provides for uncollectible pledges receivable using the allowance method. Management estimates an allowance based on an aging schedule and a calculation using past due pledges receivable. Pledges receivable past due less than one year use an allowance percentage of 50% of the past due amount and pledges receivable past due greater than one year use an allowance percentage of 100% of the past due amount. Pledges receivable are written off when they are determined to be uncollectible.

Loans Receivable

Loans receivable are funds committed to qualifying students in the C. Schell Loan Program. This revolving student loan program grants interest-free loans with various repayment terms. The Foundation provides for uncollectible loans receivable using the allowance method. Management estimates an allowance based on historical collection percentages, an aging schedule, and a calculation based on maturity dates of individual loans. Loans receivable are written-off when they are determined to be uncollectible.

Donated Administrative Expenses

Certain administrative functions of the Foundation are performed by administrative employees of LCC at no charge to the Foundation. The value of these services is not recognized in these financial statements.

Donated Fundraising Expenses

Significant time has been provided by many volunteers in fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Subsequent Events

The date to which events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure is November 13, 2020, which is the date on which the financial statements were available to be issued. No events were identified that would require adjustment to or disclosure in the financial statements.

Note 15: Discretely Presented Component Unit (continued)

Note 3: Investments

Investments are recorded at fair value. The historical cost and fair value at June 30, 2020 and 2019 were as follows:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Debt securities:				
Corporate bonds	$ -	$ -	$ 70,067	$ 70,073
Mutual funds:				
Fixed-income mutual funds	1,109,997	1,100,421	754,652	740,123
Large cap equity	919,786	1,204,041	868,938	1,092,429
Mid cap equity	770,811	698,775	674,178	689,645
Domestic equity mutual funds	948,068	972,642	785,396	793,015
International equities	810,190	837,365	657,228	681,832
International fixed-income	-	-	181,952	177,385
Alternative assets	575,373	554,454	488,709	480,563
Emerging markets equities	84,251	96,966	82,856	97,394
U.S. government obligations	30,417	30,417	-	-
Money market/cash and reserves	157,935	157,935	102,863	102,863
	$ 5,406,828	$ 5,653,016	$ 4,666,839	$ 4,925,322

Fair Value of Financial Instruments – The Foundation adopted applicable sections of ASC 820: *Fair Value Measurements and Disclosures* for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical assets and liabilities

Level 2 – other significant observable inputs (including quoted prices for similar assets and liabilities, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the assets and liabilities)

Note 15: Discretely Presented Component Unit (continued)

Note 3: Investments (continued)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2020, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed-income mutual funds	$ 1,100,421	$ -	$ -	$ 1,100,421
Large cap equity	1,204,041	-	-	1,204,041
Mid cap equity	698,775	-	-	698,775
Domestic equity mutual funds	972,642	-	-	972,642
International equities	837,365	-	-	837,365
Alternative assets	554,454	-	-	554,454
Emerging markets equities	96,966	-	-	96,966
U.S. government obligations	30,417	-	-	30,417
Money market/cash and reserves	157,935	-	-	157,935
Investments	$ 5,653,016	$ -	$ -	$ 5,653,016

Note 4: Note Payable

The Foundation received $73,800 in Paycheck Protection Program (PPP) funding on May 7, 2020. The terms of the funding agreement indicate that the Foundation must utilize the proceeds to fund/offset qualifying expenses over a 24-week period and that they maintain their full-time equivalent employment as specified in the terms of the agreement. The terms of the agreement specify that the Foundation must repay any unforgiven principal of the loan plus interest, which accrues at 1% annually. This represents an unsecured loan that is guaranteed by the United States Small Business Administration. The loan and interest may be forgiven if the Foundation meets the conditions for such forgiveness outlined in the PPP. The Foundation anticipates the full amount of the loan to be forgiven in fiscal year 2021. If the funding is not forgiven, the maturity date is May 8, 2022, and monthly payments would begin at the conclusion of deferment period as specified in the PPP.

Note 15: Discretely Presented Component Unit (continued)

Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Scholarships	$ 736,025	$ 728,627
Loans (Note 8)	95,973	100,197
Educational and related programs	884,167	877,580
Future sponsorship activities	40,000	-
Portion of endowment fund classified as purpose and time restricted	1,097,264	1,095,016
Total net assets with donor purpose and time restrictions	2,853,429	2,801,420
Endowment fund	3,402,553	2,775,115
Pledges receivable for endowment	7,242	10,823
Total net assets with perpetual donor restrictions	3,409,795	2,785,938
Total net assets with donor restrictions	$ 6,263,224	$ 5,587,358

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors or transferred in accordance with donor intentions as follows:

	2020	2019
Scholarships	$ 469,665	$ 537,647
Loans (Note 8)	4,224	10,706
Educational and related programs	238,933	954,757
Administration/fundraising	49,579	30,263
Transferred – without donor restrictions	1,739	3,550
Total net assets released from donor restrictions or transferred	$ 764,140	$ 1,536,923

Note 6: Net Asset Classification of Endowment Funds

The endowment fund includes contributions restricted in perpetuity or for terms designated by the donor. Earnings on investments of the endowment fund are classified as net assets with donor purpose restrictions. However, the earnings may be used for current purposes of the Foundation. A majority of endowment activity is restricted for the use of scholarships.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 15: Discretely Presented Component Unit (continued)

Note 6: Net Asset Classification of Endowment Funds (continued)

The Board of Directors of the Foundation has interpreted the State of Ohio enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetually restricted net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the perpetual 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 perpetually restricted net assets with donor restrictions is classified as purpose restricted net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds:

(1) Preservation of the fund
(2) The purpose of the Foundation and the donor-restricted Endowment Fund
(3) General economic conditions
(4) The investment policies of the Foundation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 4,499,817	$ 4,499,817
Board-designated endowment funds	30,046	-	30,046
Total funds	$ 30,046	$ 4,499,817	$ 4,529,863

Note 15: Discretely Presented Component Unit (continued)

Note 6: Net Asset Classification of Endowment Funds (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 30,046	$ 3,870,131	$ 3,900,177
Investment return, net:			
Interest and dividends	525	66,194	66,719
Net realized and unrealized gain	(363)	97,574	97,211
Management fees	(162)	(20,548)	(20,710)
Total investment return, net	-	143,220	143,220
Contributions	-	624,004	624,004
Appropriation of endowment assets for expenditure	-	(140,972)	(140,972)
Transfers		3,434	3,434
Endowment net assets, end of year	$ 30,046	$ 4,499,817	$ 4,529,863

The portion of the endowment with donor restrictions includes $408,636 of net assets, that by the donor's restrictions are purpose restricted. The Board of Directors has determined that the donations will be maintained similar to a perpetual endowment.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the Endowment Fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of LCC. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

Note 15: Discretely Presented Component Unit (continued)

Note 6: Net Asset Classification of Endowment Funds (continued)

Strategies Employed for Achieving Objectives

For the long-term (defined as a rolling five-year period), the primary investment objective for the endowment portfolio is to earn a total return (net of portfolio management and custody fees) within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the endowment's assets and support a desired annual spending policy of up to 4.5% of the five-year average of the market value of the endowment portfolio.

The Foundation's asset allocation guidelines are reviewed periodically by the Foundation Investment Committee with changes approved by the Board of Directors. The portfolio's major allocation guidelines allow an allocation of the portfolio to be invested in equity securities. Remaining portfolio funds may be invested in either fixed-income, alternatives, or cash equivalent securities.

Spending Policy

The Lakeland Foundation spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 4.5% of the five-year average market value of a designated endowment fund. Spending may include net realized gains earnings over that five-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of external and internal fees and previously designated spending amount) above 4.5% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the Investment Committee and recommendations for any changes are forwarded to the Executive Committee and full Board for review and approval.

Note 7: Pledges Receivable

Pledges were discounted to their present value assuming their respective terms (up to five years) and a discount rate of 6%. The pledges receivable, net as of June 30, 2020 are scheduled to be collected as follows:

Pledges receivable:	
Payable within one year	$ 125,767
Payable in one to five years	112,621
Total pledges receivable	238,388
Less: discount to net present value	(11,978)
Less: allowance for uncollectible pledges	(2,757)
Pledges receivable, net at June 30, 2020	$ 223,653

Note 15: Discretely Presented Component Unit (continued)

Note 8: Loans Receivable

As of June 30, 2020 and 2019, loans receivable totaled $133,297 and $129,349, respectively. During the fiscal year ended June 30, 2020, $3,948 was distributed to qualifying students in a revolving student loan from the C. Schell Loan Program. The loans are interest-free and have various repayment terms. Repayment of the outstanding loans is poor primarily because, as a condition of the loan program, repayment is not to impose an undue burden on the borrower. The related allowance for uncollectible loans is $110,677 and $106,453 at June 30, 2020 and 2019, respectively.

Note 9: Related-Party Transactions

LCC made distributions to the Foundation of $107,595 and $129,508 for the years ended June 30, 2020 and 2019, respectively. The Foundation distributed $689,726 and $1,301,707 during the years ended June 30, 2020 and 2019, respectively, to LCC. The Foundation also distributed $44,939 and $14,286 in Gifts-in-Kind to LCC during the years ended June 30, 2020 and 2019, respectively. The Foundation had receivables from LCC of $14,787 and $8,024 as of June 30, 2020 and 2019, respectively. The Foundation had payables to LCC of $14,760 and $8,010 as of June 30, 2020 and 2019, respectively.

Note 10: Liquidity and Availability of Resources

The financial assets available within one year of June 30 for general expenditures are as follows:

	2020
Cash and cash equivalents	$ 514,034
Cash held for others	10,029
Pledges receivable, net	223,653
Accounts receivable	16,313
Loans receivable, net	22,620
Investments	5,653,016
Total financial assets	6,439,665
Less:	
Amounts unavailable for general expenditure within one year, due to:	
Restricted by donors – purpose and time restrictions	2,853,429
Restricted by donors – perpetual restrictions	3,409,795
Cash held for others	10,029
	6,273,253
Amounts unavailable to management without Board approval:	
Funds functioning as endowment	30,046
Total amounts unavailable for general expenditure within one year	6,303,299
Total financial assets available to management for general expenditure within one year	$ 136,366

Note 15: Discretely Presented Component Unit (continued)

Note 10: Liquidity and Availability of Resources (continued)

The Foundation maintains a policy of structuring its financial assets to be available as it general expenses, liabilities, and other obligations come due. The Foundation is largely supported by donor contributions and grants. The Foundation takes into account donor restrictions that require resources to be used in a particular manner or in a future period, and therefore maintains sufficient resources to meet those responsibilities.

In addition, the Foundation has the ability to access Board-designated funds functioning as endowment by special authorization of the Board, if necessary.

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Required Supplementary Information

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

School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.461687%	0.468061%	0.493555%	0.512067%	0.514196%	0.515765%	0.515765%
College's Proportionate Share of the Net Pension Liability	$ 27,623,544	$ 26,806,720	$ 29,488,809	$ 37,478,601	$ 29,340,511	$ 26,102,573	$ 30,680,084
College's Covered Payroll	$ 16,894,053	$ 17,304,534	$ 17,128,424	$ 16,789,379	$ 16,376,110	$ 15,515,567	$ 15,741,163
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	163.51%	154.91%	172.16%	223.23%	179.17%	168.23%	194.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Required Supplementary Information

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

State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability	0.163495%	0.172940%	0.176619%	0.179746%	0.189221%	0.203669%	0.203669%
College's Proportionate Share of the Net Pension Liability	$ 36,155,932	$ 38,025,519	$ 41,956,115	$ 60,166,515	$ 52,295,119	$ 49,539,464	$ 58,852,165
College's Covered Payroll	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304	$ 24,025,933
College's Proportion of the Net Pension Liability as a Percentage of its Covered Payroll	177.79%	187.35%	205.96%	303.75%	254.56%	217.10%	244.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions

School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	$ 2,110,438	$ 2,185,337	$ 2,311,162	$ 2,318,894	$ 2,279,593	$ 2,092,265	$ 2,077,209	$ 1,997,267	$ 2,061,714	$ 1,793,767
Contributions in Relation to Contractually Required Contributions	(2,110,438)	(2,185,337)	(2,311,162)	(2,318,894)	(2,279,593)	(2,092,265)	(2,077,209)	(1,997,267)	(2,061,714)	(1,793,767)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	15,731,453	16,894,053	17,304,534	17,128,424	16,789,379	16,376,110	15,515,567	15,741,163	16,720,316	15,642,266
Contribution as a Percentage of Covered Payroll	13.42%	12.94%	13.36%	13.54%	13.58%	12.78%	13.39%	12.69%	12.33%	11.47%

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions

State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	$ 2,669,968	$ 2,739,481	$ 2,718,386	$ 2,720,411	$ 2,651,831	$ 2,715,449	$ 2,846,641	$ 2,951,310	$ 3,095,012	$ 3,004,055
Contributions in Relation to Contractually Required Contributions	(2,669,968)	(2,739,481)	(2,718,386)	(2,720,411)	(2,651,831)	(2,715,449)	(2,846,641)	(2,951,310)	(3,095,012)	(3,004,055)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304	$ 24,025,933	$ 25,131,333	$ 24,431,664
Contribution as a Percentage of Covered Payroll	13.60%	13.47%	13.39%	13.35%	13.39%	13.22%	12.48%	12.28%	12.32%	12.30%

See accompanying notes to the required supplementary information.

Required Supplementary Information

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

School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
College's Proportion of the Net OPEB Liability	0.447464%	0.457483%	0.482726%	0.493505%
College's Proportionate Share of the Net OPEB Liability	$ 11,252,767	$ 12,691,822	$ 12,955,098	$ 14,066,722
College's Covered Payroll	$ 16,894,052	$ 17,304,533	$ 17,128,424	$ 16,789,379
College's Proportion of the Net OPEB Liability as a Percentage of its Covered Payroll	66.61%	73.34%	75.64%	83.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Required Supplementary Information

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

State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
College's Proportion of the Net OPEB Liability/Asset	0.163495%	0.172940%	0.176619%	0.179746%
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (2,707,870)	$ (2,778,961)	$ 6,891,004	$ 9,612,880
College's Covered Payroll	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673
College's Proportion of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.32%	-13.69%	33.83%	48.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions - OPEB

School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	$ 127,284	$ 232,503	$ 252,575	$ 179,292	$ 159,381	$ 270,296	$ 155,873	$ 155,696	$ 330,286	$ 443,101
Contributions in Relation to Contractually Required Contributions	(127,284)	(232,503)	(252,575)	(179,292)	(159,381)	(270,296)	(155,873)	(155,696)	(330,286)	(443,101)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 15,731,452	$ 16,894,052	$ 17,304,533	$ 17,128,424	$ 16,789,379	$ 16,376,110	$ 15,515,568	$ 15,741,163	$ 16,720,316	$ 15,642,266
OPEB Contribution as a Percentage of Covered Payroll	0.81%	1.38%	1.46%	1.05%	0.95%	1.65%	1.00%	0.99%	1.98%	2.83%

See accompanying notes to the required supplementary information.

Required Supplementary Information

Schedule of the College's Contributions – OPEB

State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 218,972	$ 227,024	$ 238,078	$ 231,081
Contributions in Relation to Contractually Required Contributions	-	-	-	-	-	-	(218,972)	(227,024)	(238,078)	(231,081)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College Covered Payroll	$ 19,637,731	$ 20,336,213	$ 20,296,337	$ 20,371,148	$ 19,807,673	$ 20,543,317	$ 22,818,304	$ 24,025,933	$ 25,131,333	$ 24,431,664
OPEB Contribution as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	- %	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Notes to the Required Supplementary Information
June 30, 2020 and 2019

Note 1: Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2019, an assumption of 2.5% was used for COLA or Ad Hoc Cola. Prior to 2019, an assumption of 3.0% was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00%	3.25%
Future Salary Increases, including inflation	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.50% net of investments expense, including inflation	7.75% net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2019, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2019	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	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017	2.00% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2.00% COLA commences on fifth anniversary of retirement date.

Notes to the Required Supplementary Information
June 30, 2020 and 2019

Note 1: Net Pension Liability (continued)

Changes in Assumptions – STRS (continued)

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

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

Note 2: Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:
Fiscal year 2020 3.56%
Fiscal year 2019 3.62%
Fiscal year 2018 3.56%
Fiscal year 2017 2.92%

Single Equivalent Interest Rate, net of plan investment expense, including price inflation
Fiscal year 2020 3.63%
Fiscal year 2019 3.70%
Fiscal year 2018 3.63%
Fiscal year 2017 2.98%

Beginning in fiscal year 2020 the healthcare cost trend rate was updated from 7.25% decreasing to 4.75% to 7.00% decreasing to 4.75%.

Beginning in fiscal year 2019 the healthcare cost trend rate was updated from 7.5% decreasing to 5.0% to 7.25% decreasing to 4.75%.

Note 2: Net OPEB Liability (continued)

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.

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

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

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

Changes in Benefit Term Changes – STRS

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

Ciuni & Panichi
CPAs and Business Advisors

Where Relationships Count.

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*

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College
Kirtland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lake County Community College District d/b/a Lakeland Community College (the "College"), as of and for the year ended June 30, 2020, 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, 2020.

Internal Control over Financial Reporting

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

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

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To the Board of Trustees
Lake County Community College District
d/b/a Lakeland 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, 2020

Ciuni &
Panichi
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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

To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College
Kirtland, Ohio

Report on Compliance for Each Major Federal Program

We have audited Lake County Community College District d/b/a Lakeland 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, 2020. 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.

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To the Board of Trustees
Lake County Community College District
d/b/a Lakeland Community College

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, 2020.

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.

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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, 2020

Lake County Community College District
d/b/a Lakeland Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Agency/Pass-through-Agency/Program Title	CFDA Number	Pass-Through Entity Project/ Grant Number	Fiscal Year 2020 Expenditures
U.S Department of Education:			
Student Financial Assistance Cluster -			
Federal Pell Grant Program	84.063	P063P102857	$ 6,957,268
Federal Work-Study Program	84.033	P0033A106053	157,205
Federal Supplemental Educational Opportunity Grants	84.007	P007A106053	185,657
Federal Direct Student Loans	84.268	N/A	7,463,513
Total Student Financial Assistance Cluster			14,763,643
CARES Higher Education Emergency Relief Fund - Education Stabilization Fund	84.425E	P425E203325	228,266
Passed through the Ohio Department of Education:			
Career and Technical Education- Basic Grants to States	84.048	063347-20C3-2009	186,790
Total U.S. Department of Education			15,178,699
U.S Department of Labor:			
WIOA Cluster Passed through The Ohio Department of Job and Family Services - Job Training Partnership Act:			
WIA Dislocated Worker Formula Grants	17.278	G-1011-15-0262	1,236
Total WIOA Cluster			1,236
Passed through Cuyahoga County Community College American Association of Community Colleges (AACC):			
Apprenticeship USA Grants	17.285	N/A	2,815
Total U.S. Department of Labor			4,051
Small Business Administration:			
Small Business Development Centers (SBDC)	59.037	OSBDC-2016-01	139,606
Small Business Development Centers (SBDC)- COVID 19 Supplemental Funds	59.037	N/A	9,414
Total Small Business Administration			149,020
U.S. Department of Health and Human Services:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	SM062894	9,522
Total U.S. Department of Health and Human Services			9,522
U.S Department of Defense:			
Passed through Defense Logistics Agency (DLA):			
Procurement Technical Assistance for Business Firms (PTAC)	12.002	N/A	44,267
Total U.S Department of Defense			44,267
Total Expenditures of Federal Awards			$ 15,385,559

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Lake County Community College District
d/b/a Lakeland Community College

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Note 1: Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the federal grant activity of Lake County Community College District d/b/a Lakeland Community College (the "College") under programs of the federal government for the year ended June 30, 2020. Expenditures reported on the Schedule are reported on the accrual basis of accounting, the same basis of accounting as the basic financial statements.

Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the College. Pass-through entity identifying numbers are presented where available.

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, 2020, 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.

Lake County Community College District
d/b/a Lakeland Community College

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

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 program?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for the major federal program?	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 Program	Student Financial Assistance Cluster: CFDA # 84.063, 84.033, 84.007, 84.268
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

None noted.

3. Findings for Federal Awards

None noted.

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended June 30, 2020

Finding No.	Finding Summary	Fully Corrected	Explanation
2019-001	***Material Weakness – Prior Period Adjustment*** The College restated its beginning net position in the prior year by $4,244,156 upon identifying that it had not been capitalizing interest and compensation during the construction of its Health Technology Building, which started in 2015 and was completed in fiscal year 2019.	Yes	The College did not have any restatements in the current year and no material weaknesses were identified during the current year audit related to capital assets.

OHIO AUDITOR OF STATE
KEITH FABER

LAKELAND COMMUNITY COLLEGE

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/2/2021

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