

SINCLAIR COMMUNITY COLLEGE
MONTGOMERY COUNTY
DAYTON, OHIO

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Sinclair Community College
444 West Third Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of the Sinclair Community College, Montgomery County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2020 through June 30, 2021. 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 Sinclair Community College is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2021

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Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Sinclair Community College (the "College") as of and for the years ended June 30, 2021 and 2020 and its discretely presented component unit as of June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Sinclair Community 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Sinclair Community College as of June 30, 2021 and 2020 and its discretely presented component unit as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Sinclair Community College

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the College's proportionate share of the net pension liability, the schedule of the College's pension contributions, the schedules of the College's proportionate share of the net OPEB liability, and the schedules of the College's OPEB contributions 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, which 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 supplemental 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sinclair Community College's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of Sinclair Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Sinclair Community College's internal control over financial reporting and compliance.



December 15, 2021

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Introduction

This annual report consists of three main parts - the MD&A, the financial statements and a section containing reports on the audit of federal grants and contracts received by Sinclair Community College (the "College" or "Sinclair").

Management's discussion and analysis (MD&A) of the College's financial performance provides an overview of the College's financial activities for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the College's financial statements, which begin on page 18.

Financial and Institutional Highlights

The COVID-19 pandemic continued to alter world conditions during fiscal year 2021. Still, Sinclair Community College realized many important achievements as related to its mission and strategic priorities. Several of these are discussed below.

- At the outset of the COVID-19 pandemic, President Johnson and his administration led emergency operating and planning efforts to ensure the safety of the students, faculty and staff while continuing the educational process. This process continued during fiscal year 2021 and additional technology and student support was deployed to ensure goals were achieved.
- These efforts and Sinclair's student completion plan continued to drive positive outcomes as the College set records for the number of credentials awarded (9,800) and number of student graduates (7,800). The overarching goals of the completion plan are to provide more students with more credential faster and at less cost.
- As a result of continuous improvements in student course completions, credit accumulations and credential completions, the College received an increased share of performance-based state funding for the sixth consecutive year.
- Sinclair's financial health remains strong due to the prudent planning and vigilance of the Board of Trustees, administration and other College leaders. The College's fiscal health as measured by the Ohio Senate Bill 6 accountability scorecard was a perfect score of 5.0 for fiscal 2021.
- The College has been awarded \$59.7 million in Higher Education Emergency Relief Funds (HEERF) from three rounds of federal stimulus monies in connection with the COVID-19 pandemic. For fiscal year 2021, \$23.7 million of HEERF funding was used for student financial grants and to defray expenses and lost revenue resulting from the pandemic (\$2.8 million was spent in fiscal year 2020).
- Subsequent to June 30, 2020, the College was allocated CARES – Ohio COVID Relief Funds of \$3.2 million which was fully utilized in fiscal year 2021.
- The College continued to enjoy success with the *College Credit Plus* program, a State of Ohio initiative to provide college credit courses to high school students. Approximately 8,150 students from over one hundred high schools were enrolled during fiscal 2021 representing a 4% increase versus last year.
- Sinclair awarded its first Baccalaureate degrees in Aviation Technology/Professional Pilot and Unmanned Aerial Systems in May 2021. Also during fiscal 2021, the College awarded its first certifications in the new *Tesla Start* program.
- Fiscal 2021 was another busy year of implementing the College's facilities campus master plan highlighted by completion of the plaza enhancements, Fourth and Fifth Street redevelopment improvements, and creation of pedestrian pathways, while continuing to work on the addition of a parking deck pavilion and creating an advanced manufacturing lab on the Mason campus. Collectively, these projects are making the campus and support services easier for students to access and navigate.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

- The College continued to demonstrate an exceptional level of commitment to teaching and learning in fiscal year 2021 by devoting a significantly higher percentage of its resources to the instruction, academic, and student support functions than the average of Ohio's other public community colleges.

Financial Management Philosophy and Accountability

Sinclair Community College utilizes a forward-thinking and systematic approach to managing financial resources that is guided by the following principles:

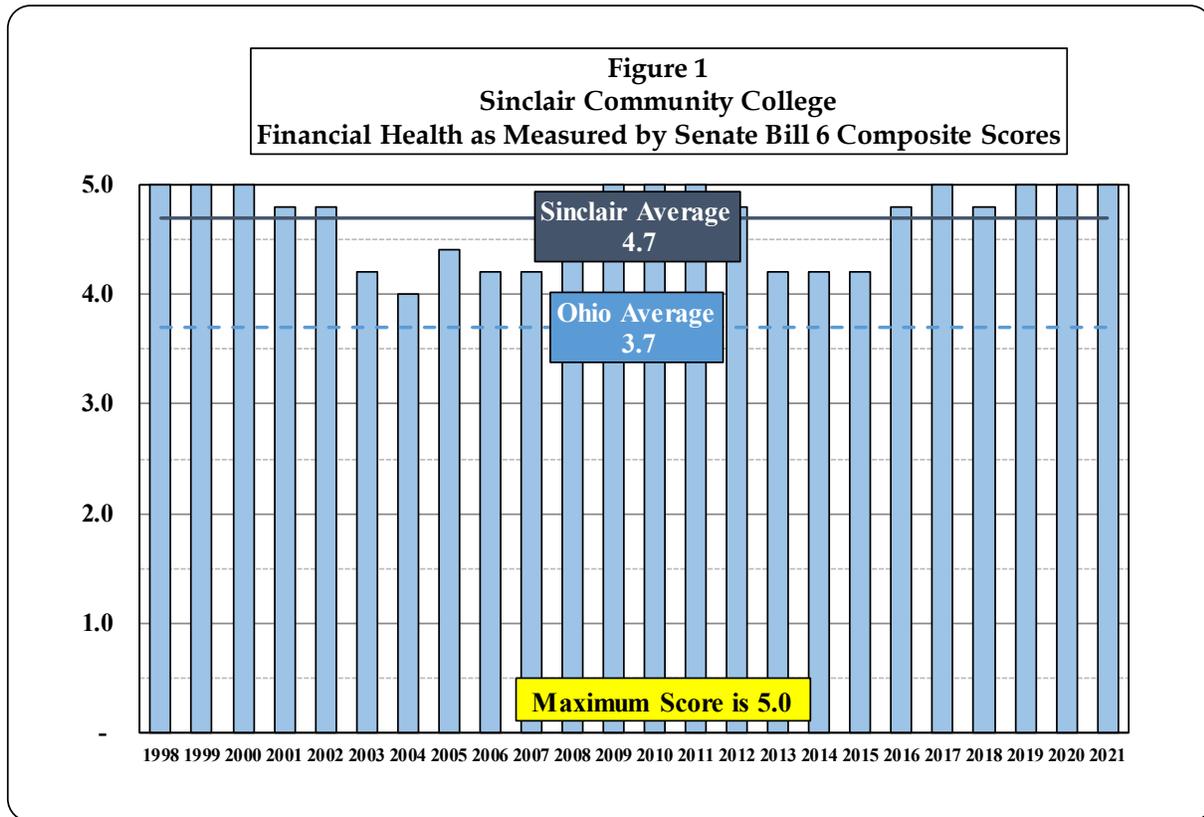
- **Use money as a tool to accomplish the mission:** Money is a tool used in fulfilling our service mission but is not an end in itself.
- **Employ results-oriented spending:** This is generally tied to an expectation of clear mission results.
- **Focus on long-term stability:** Use financial modeling and planning to help ensure the long-term sustainability and financial viability of the College.
- **Pay as you go:** Save money up front and place in allocated reserves for later use in major capital expenditures, thereby avoiding or minimizing the use of debt financing.
- **Save with a plan and purpose:** Maintain allocated reserves to provide flexibility in managing future opportunities and challenges.
- **Plan for margin:** Budget for a 3% to 5% positive margin on the annual operating budget (revenue to exceed expenses) to provide funding for facility maintenance, capital spending, and other needs.
- **Save and plan for emergencies:** Plan/budget for unforeseen emergencies and contingencies.

Inputs into the financial management and measurement process come from a variety of sources as shown in the diagram below:



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

The State of Ohio computes a fiscal accountability measure each year for all public higher education institutions pursuant to Senate Bill 6 passed in 1997. Sinclair's annual scores are depicted in Figure 1 below. The College has averaged an overall score of 4.7 since inception and achieved a perfect 5.0 score in fiscal year 2021.



Overview of the Financial Statements

The financial statements are presented in the format required by generally accepted accounting principles and accepted by the Ohio Department of Higher Education and the Ohio Department of Budget and Management for all state-assisted two- and four-year colleges and universities in Ohio. The statements are:

- Statements of net position
- Statements of revenues, expenses, and changes in net position
- Statements of cash flows

The statements are prepared on an accrual basis and present all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, both financial and capital, and short and long term. They also present all revenues and expenses of the College during the year, regardless of when cash was received or paid.

Collectively, the statements provide a complete picture of the College's financial condition as of June 30, 2021, 2020, and 2019 and the results of its operations for the fiscal years then ended.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Governmental Accounting Standards Board (GASB) Statements No. 68 and 75

GASB 68, *Accounting and Financial Reporting for Pensions*, requires the College to report a share of the unfunded liabilities of Ohio's state retirement systems, in its statements of net position in 2021, 2020 and 2019, and its impact in 2021, 2020 and 2019 on the statements of revenues, expense and changes in net position. The amount of net pension liability reported on the statements of net position equals the College's proportionate share of the unfunded pension liabilities of the state systems that are associated with current, former, and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' pension liabilities reported under GASB 68 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Effective July 1, 2017, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the College to report a share of the unfunded liabilities of the Ohio's state retirement systems, related to the other postemployment benefits (OPEB) other than pension, in its statements of net position in 2021, 2020 and 2019 and its impact in 2021, 2020 and 2019 on the statements of revenues, expenses and changes in net position. The amount of the OPEB liability reported on the statements of net position equals the College's proportionate share of the unfunded OPEB liabilities of the state systems that are associated with the current, former and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' OPEB liabilities reported under GASB 75 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Net Position

Table 1 below is a condensed version of the balance sheet and net position. The components of net position that relate to the results of College operations, exclusive of the pension and OPEB accounting, are shown in Table 1A. A discussion of the underlying factors impacting the change in net position is provided below.

The College's total net position can be viewed as being comprised of five components: 1) capital assets, 2) externally restricted net position, 3) unrestricted net position resulting from College operations, 4) unrestricted net position related to pension activity, and 5) unrestricted net position related to OPEB activity. In the discussion that follows, it will be helpful to keep in mind that two major types of transactions do not change the value of total net position. These are:

- A transfer of net position from one net position category to another.
- Capital asset acquisitions, for which payment reduces either unrestricted or restricted net position, while increasing capital assets by the same amount.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

TABLE 1
CONDENSED STATEMENTS OF NET POSITION
(in millions of dollars)

	June 30,		
	2021	2020	2019
Assets:			
Current assets	\$ 63.2	\$ 70.8	\$ 60.8
Investments	150.6	115.9	126.5
Capital assets, net	194.2	195.8	182.6
Net other postemployment benefit asset *	10.4	5.8	5.7
Total assets	418.4	388.3	375.6
Deferred outflows of resources - pension activity *	18.9	22.6	42.0
Deferred outflows of resources - other postemployment benefit activity *	4.0	6.8	4.0
Total assets and deferred outflows	<u>441.3</u>	<u>417.7</u>	<u>421.6</u>
Liabilities:			
Current liabilities	21.9	22.3	25.8
Long-term liabilities	5.4	5.2	5.0
Net pension liability *	114.0	124.7	145.6
Net other postemployment benefit liability *	-	36.1	34.3
Total liabilities	141.3	188.3	210.7
Deferred inflows of resources:			
Property tax levy	38.0	38.6	38.1
Pension activity *	23.2	19.5	12.7
Other postemployment benefit activity *	21.3	12.3	8.8
Total deferred inflows	82.5	70.4	59.6
Total liabilities and deferred inflows	223.8	258.7	270.3
Net position:			
Investment in capital assets	194.2	195.8	182.6
Restricted - expendable, grants and contracts	1.7	1.8	1.9
Unrestricted - operations	146.7	118.8	116.4
Unrestricted - pension activity *	(118.2)	(121.6)	(116.2)
Unrestricted - other postemployment benefit activity *	(6.9)	(35.8)	(33.4)
Total net position	217.5	159.0	151.3
Total liabilities, deferred inflows and net position	<u>\$ 441.3</u>	<u>\$ 417.7</u>	<u>\$ 421.6</u>

* Line item related to pension or OPEB accounting

TABLE 1A
NET POSITION EXCLUDING PENSION AND OPEB ACCOUNTING
(in millions of dollars)

	June 30,		
	2021	2020	2019
Investment in capital assets	\$ 194.2	\$ 195.8	\$ 182.6
Restricted - expendable, grants and contracts	1.7	1.8	1.9
Unrestricted - operations	146.7	118.8	116.4
Total net position excluding pension & OPEB	<u>\$ 342.6</u>	<u>\$ 316.4</u>	<u>\$ 300.9</u>

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Fiscal 2021

Total net position at June 30, 2021 was \$217.5 million (Table 1). Liabilities of \$27.3 million, exclusive of the net pension and OPEB liabilities, were only 6.5% of total assets of \$408.0 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$10.4 million and net pension and OPEB liabilities of \$114.0 million, pension and OPEB deferred outflows of resources of \$22.9 million, and pension and OPEB deferred inflows of resources of \$44.5 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$38.0 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$26.2 million (from \$316.4 million to \$342.6 million) in fiscal 2021. The increase had these components:

- A net increase from operations of \$23.6 million after depreciation expenses of \$12.5 million, but exclusive of the change in the fair value of investments. This included the net impact from federal Higher Education Emergency Relief Funds (HEERF) spent in fiscal year 2021.
- An increase in the fair value of investments of \$2.6 million; that is, net unrealized gains in the investment portfolio increased from \$5.3 million at June 30, 2020 to \$7.9 million at June 30, 2021

Also, in fiscal 2021, capital asset acquisitions consumed approximately \$10.9 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

Fiscal 2020

Total net position at June 30, 2020 was \$159.0 million (Table 1). Liabilities of \$27.5 million, exclusive of the net pension and OPEB liabilities, were only 7.2% of total assets of \$382.5 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$5.8 million and net pension and OPEB liabilities of \$160.8 million, pension and OPEB deferred outflows of resources of \$29.4 million, and pension and OPEB deferred inflows of resources of \$31.8 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$38.6 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$15.5 million (from \$300.9 million to \$316.4 million) in fiscal 2020. The increase had these components:

- A net increase from operations of \$12.8 million after depreciation expenses of \$12.1 million, but exclusive of the change in the fair value of investments
- An increase in the fair value of investments of \$2.7 million; that is, net unrealized gains in the investment portfolio increased from \$2.6 million at June 30, 2019 to \$5.3 million at June 30, 2020

Also, in fiscal 2020, capital asset acquisitions consumed approximately \$25.3 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position (SRECNP) shown in Table 2 present the College's operating results for fiscal years 2021, 2020, and 2019. Table 2A presents a summary of the statements excluding the impact of pension and OPEB accounting. The following narrative provides an overview of the key elements in the SRECNP.

Revenues (Operating, Nonoperating)

- Operating revenue of the College is defined as payments received for goods and services provided, and is composed mainly of tuition and fees, federal and state grants, and income from auxiliary operations. *(Note: In accordance with the required reporting display, gross tuition and fees on the condensed SRECNP are reduced by grants and scholarships used to help pay those charges, resulting in net tuition revenue).*
 - In fiscal 2021, operating revenue decreased \$4 million compared to the prior year. This was primarily due to auxiliary enterprises, net of grants and scholarships, and other revenue decreasing \$2.2 million and \$1.4 million, respectively, due to the impact of COVID-19 on the bookstore, food service, parking operations, workforce development and the conference center. All other operating revenues were comparable to prior year.
 - In fiscal 2020, operating revenue decreased slightly by \$3.0 million, compared to prior year. This was primarily due to auxiliary enterprises, net of grants and scholarships decreasing \$3.7 million due to the impact of COVID-19 on the bookstore, food service and parking operations. All other operating revenues were comparable to prior year.
- Nonoperating revenue includes state appropriations, county property tax levy receipts, certain government grants, investment income, and state capital grants.
 - In fiscal 2021, nonoperating revenue increased \$18.5 million or 14% versus the previous year due to the following:
 - State appropriations increased \$3.6 million or 7% as the College continued to achieve better than average results in the state's performance-based funding formula.
 - As related to the COVID-19 federal economic recovery response, HEERF and CRF grant revenues of \$26.9 million was recognized in fiscal year 2021.
 - The fair value of investments increased by \$2.6 million over the prior year. These amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. Those changes are primarily the result of price movements in the fixed income securities year over year. At June 30, 2021, the portfolio includes \$7.9 million in net unrealized gains.
 - In fiscal 2020, nonoperating revenue increased \$3.7 million or 3.0% versus the previous year due to the following:
 - State appropriations were about equal with last year in spite of a \$2 million cut enacted in May 2020 due to the COVID-19 economic downturn impact on state revenue.
 - As related to the COVID-19 federal economic recovery response, HEERF grant revenue of \$2.8 million was recognized in fiscal 2020.
 - The fair value of investments increased by \$2.7 million over the prior year. These amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. Those changes are primarily the result of price movements in the fixed income securities year over year. At June 30, 2020, the portfolio includes \$5.3 million in net unrealized gains.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(in millions of dollars)

	Year ended June 30,		
	2021	2020	2019
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 30.7	\$ 30.7	\$ 29.6
Federal grants and contracts	4.0	4.2	3.8
State and local grants and contracts	1.4	1.4	1.9
Nongovernmental grants and contracts	3.4	3.5	4.0
Sales and services of educational departments	0.4	0.5	0.9
Auxiliary enterprises, net of grants and scholarships	2.5	4.7	8.4
Other	1.6	3.0	2.4
Total operating revenues	<u>44.0</u>	<u>48.0</u>	<u>51.0</u>
Operating expenses:			
Instruction	67.7	74.7	61.5
Public service	2.1	2.2	2.0
Academic support	6.8	13.0	13.6
Student services	10.4	19.6	21.0
Institutional support	5.0	20.9	22.8
Plant operations and maintenance	12.6	13.9	14.6
Depreciation	12.5	12.1	11.7
Student aid	13.1	7.4	6.1
Auxiliary enterprises	3.8	6.5	9.1
Total operating expenses	<u>134.0</u>	<u>170.3</u>	<u>162.4</u>
Nonoperating and other revenues (expenses):			
State appropriations	53.1	49.5	49.4
County tax levy	38.6	38.4	37.5
HEERF and CRF grant revenues	26.9	2.8	-
Federal student aid grant programs	19.1	22.2	23.0
State student aid grant programs	1.5	1.3	0.8
Investment income	3.1	3.6	3.8
Net change in the fair value of investments	2.6	2.7	2.8
Capital grants	3.6	9.5	9.0
Total nonoperating and other revenues	<u>148.5</u>	<u>130.0</u>	<u>126.3</u>
Change in net position	58.5	7.7	14.9
Net position:			
Beginning of year	<u>159.0</u>	<u>151.3</u>	<u>136.4</u>
End of year	<u>\$ 217.5</u>	<u>\$ 159.0</u>	<u>\$ 151.3</u>

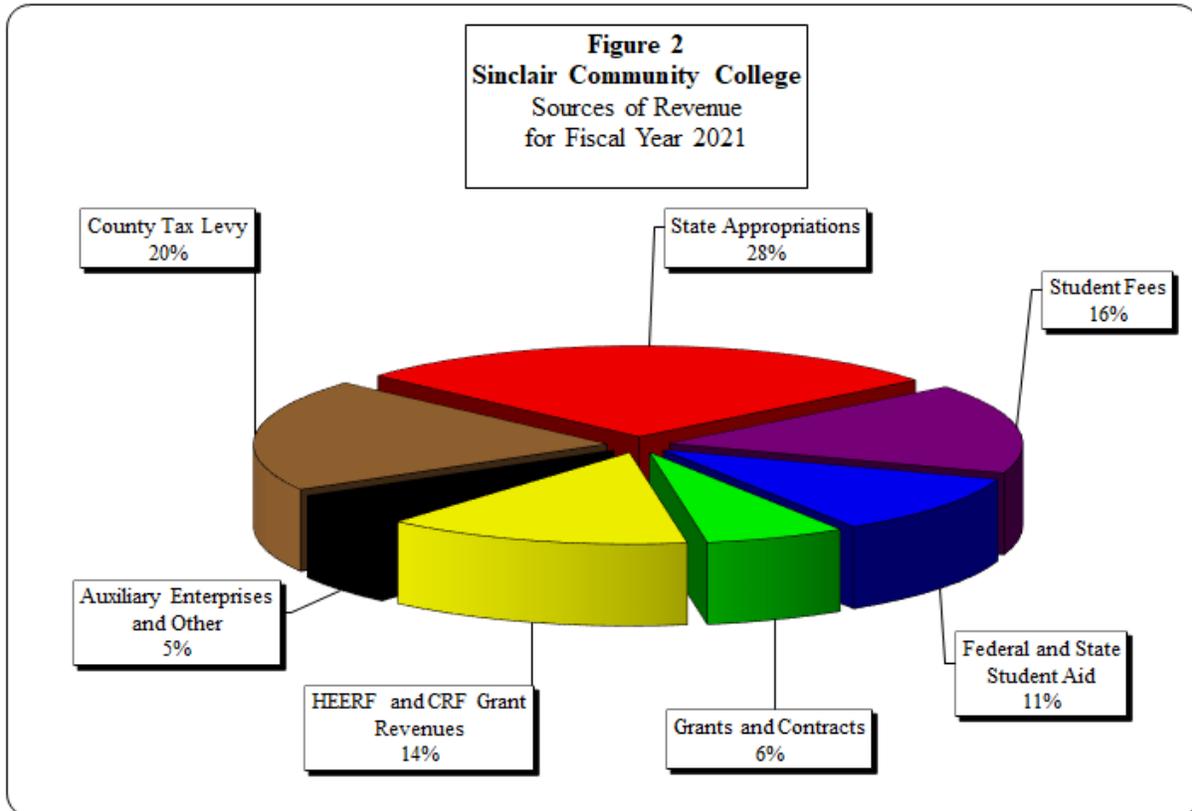
SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

TABLE 2A
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
EXCLUDING PENSION AND OPEB ACCOUNTING
(in millions of dollars)

	2021	2020	2019
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 30.7	\$ 30.7	\$ 29.6
Federal grants and contracts	4.0	4.2	3.8
State and local grants and contracts	1.4	1.4	1.9
Nongovernmental grants and contracts	3.4	3.5	4.0
Sales and services of educational departments	0.4	0.5	0.9
Auxiliary enterprises, net of grants and scholarships	2.5	4.7	8.4
Other	1.6	3.0	2.4
Total operating revenues	44.0	48.0	51.0
Operating expenses:			
Instruction	74.4	72.3	71.6
Public service	2.2	2.2	2.0
Academic support	11.3	12.1	12.0
Student services	18.0	18.2	18.3
Institutional support	16.7	18.2	17.6
Plant operations and maintenance	14.3	13.5	13.8
Depreciation	12.5	12.1	11.7
Student aid	13.1	7.4	6.1
Auxiliary enterprises	3.8	6.5	9.1
Total operating expenses	166.3	162.5	162.2
Nonoperating and other revenues (expenses):			
State appropriations	53.1	49.5	49.4
County tax levy	38.6	38.4	37.5
HEERF and CRF grant revenues	26.9	2.8	-
Federal student aid grant programs	19.1	22.2	23.0
State student aid grant programs	1.5	1.3	0.8
Investment income	3.1	3.6	3.8
Net change in the fair value of investments	2.6	2.7	2.8
Capital grants	3.6	9.5	9.0
Total nonoperating and other revenues	148.5	130.0	126.3
Change in net position	26.2	15.5	15.1
Net position:			
Beginning of year	316.4	300.9	285.8
End of year	<u>\$ 342.6</u>	<u>\$ 316.4</u>	<u>\$ 300.9</u>

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Figure 2 below presents the composition of Sinclair's revenue streams.



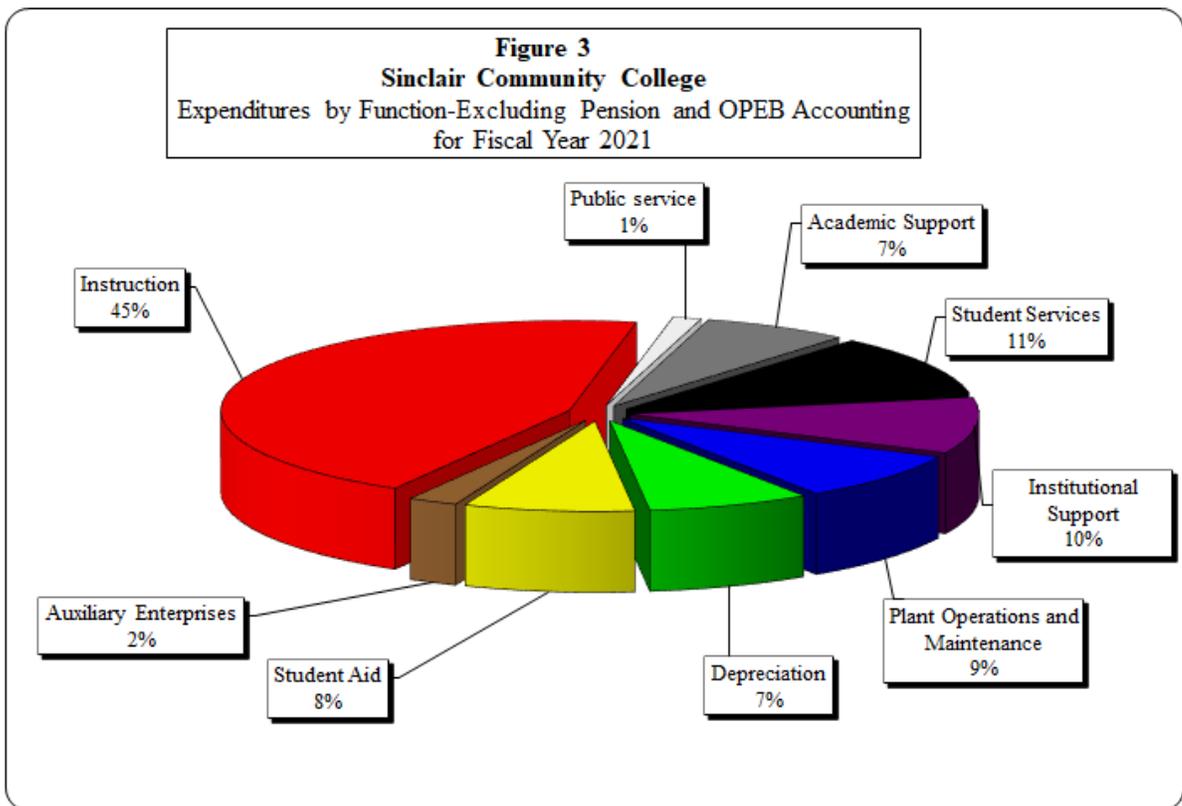
Operating Expenses

- Operating expenses are those expenditures related to the College's educational programs and services. **Note that pension and OPEB accounting related expense impacts are included in operating expenses (\$32.3 million decrease in 2021 and \$7.8 million increase in 2020).**
 - Total operating expenses decreased by \$36.3 million or 21.3% in 2021 due to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was a decrease in expense of \$32.3 million in 2021 compared to an increase in expense of \$7.8 million in 2020. Exclusive of the pension and OPEB expenses, operating expenses in 2021 increased by \$3.8 million due to increases in student aid of \$5.7 million, all associated with COVID-19 and HEERF spending, offset by a decrease in auxiliary enterprises of 2.7 million. All other functional operating expenses were comparable to prior year. The College continues to be proactive in controlling costs through efficiency and restructuring initiatives while investing new resources for supporting student access and success, even during a pandemic.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

- Total operating expenses increased by \$7.9 million or 4.8% in 2020 due to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was an increase in expense of \$7.8 million in 2020 compared to a net increase of \$0.2 million in 2019. Exclusive of the pension and OPEB expenses, operating expenses in 2020 increased slightly by \$0.3 million. The College continues to be proactive in controlling costs through efficiency and restructuring initiatives while investing new resources for supporting student access and success.

Figure 3 breaks out Sinclair's total operating expenses by functional category excluding the impacts of pension and OPEB accounting.



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Cash Flows

The statements of cash flows present information related to the cash inflows and outflows that result from the operating, noncapital and capital financing, and investing activities of the College. In each of the years shown in Table 3, the major cash inflows were from student tuition and fees, grants and contracts, auxiliary enterprise charges, state appropriations, county tax levy receipts, federal Pell Grant and Direct Loan Program receipts, and investment maturities. The major cash outflows were payments to employees and vendors, payments of Pell Grant and Direct Loan funds to students, and the purchase of capital assets and new investments.

TABLE 3
CONDENSED STATEMENT OF CASH FLOWS
(in millions of dollars)

	Years Ended June 30,		
	2021	2020	2019
Cash (used in) provided by:			
Operating activities	\$ (108.5)	\$ (103.3)	\$ (97.8)
Non-capital financing activities	138.5	113.2	110.9
Capital and related financing activities	(7.6)	(15.8)	(17.8)
Investing activities	(28.6)	17.0	8.9
Net (decrease) increase in cash and cash equivalents	(6.2)	11.1	4.2
Cash and cash equivalents, beginning of year	19.2	8.1	3.9
Cash and cash equivalents, end of year	\$ 13.0	\$ 19.2	\$ 8.1

Capital Assets

Highlights of the College's capital program in Table 4 below, include the following:

- During 2021, the College completed the advanced manufacturing lab at the Mason Campus. On the Dayton Campus, capital projects included replacement and upgrades of fire alarm systems and air handlers and temperature control systems.
- Building improvement projects on the Dayton campus in 2021 and 2020 included renovation to Fourth and Fifth Streets running through campus, plaza membrane enhancements, creation of a parking deck and elevator, pathway through campus from the parking garage and front entrance, plaza elevator cube with access to the library and other projects.
- Additions to equipment inventory in 2021 and 2020 included replacement of information technology system and various equipment for several academic programs.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

TABLE 4
CAPITAL ASSETS
(net of depreciation, in millions of dollars)

	2021	2020	2019
Land and improvements	19.0	18.2	18.2
Buildings and improvements	166.3	168.8	156.2
Equipment and fixtures	8.7	8.6	8.0
Library materials	0.2	0.2	0.2
Total capital assets	194.2	195.8	182.6

Factors Impacting Future Periods

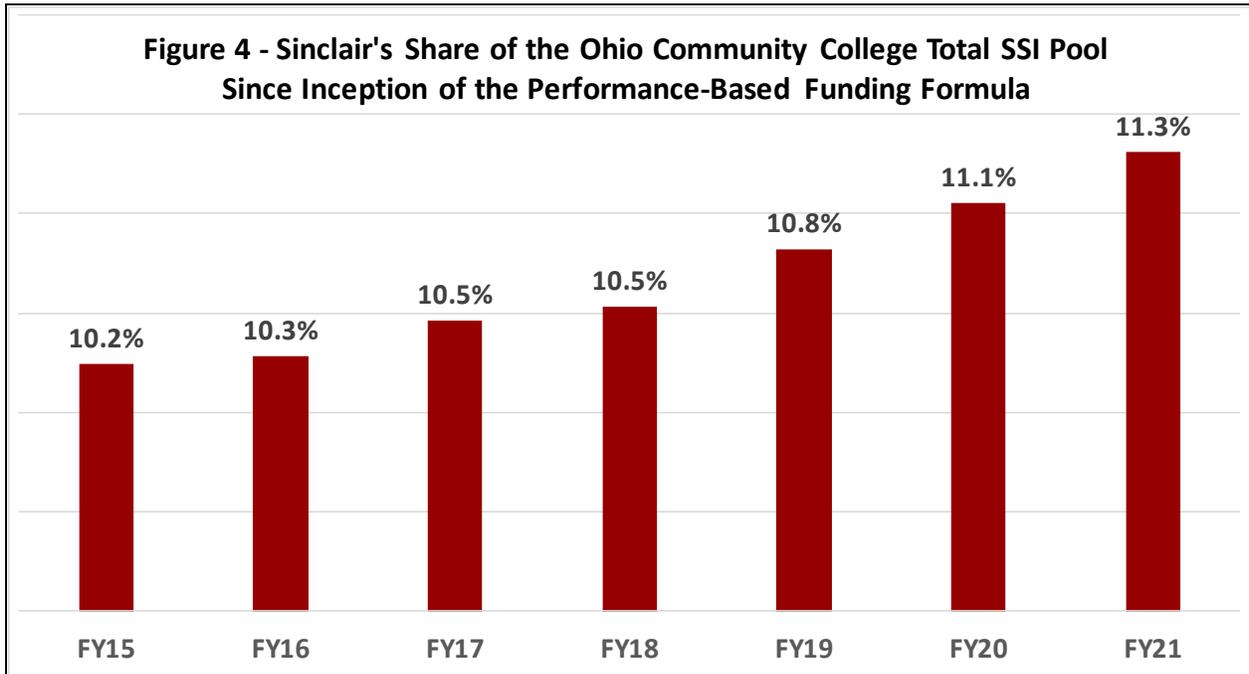
COVID-19: The ongoing global pandemic and its impact on the economy are the most obvious factors impacting future periods. At the outset of the situation in March 2020, the traditional budget process was suspended, and the College administration quickly moved into a process of macro financial scenario planning. Sinclair's financial structure and guiding principles are built for long-term sustainability including weathering economic downturns. Long-range projection scenarios are constantly updated, and scenarios are tested to inform and drive pro-active planning actions in order to anticipate and adjust to the realities of economic conditions. Consequently, the College's Board of Trustees adopted a balanced budget for Fiscal Year 2022 that was measured, responsible and forward thinking.

Sinclair has been awarded \$59.7 million in Higher Education Emergency Relief Funds (HEERF) from three rounds of federal stimulus monies in connection with the pandemic. For fiscal year 2021, \$23.7 million of HEERF funding was used for student financial grants and to defray expenses and lost revenue resulting from the COVID-19 pandemic (\$2.8 million was spent in fiscal year 2020). The remaining \$33.2 million will be expended during fiscal year 2022.

The College has taken extraordinary steps to protect the health and safety of students and employees while at the same time keeping the educational process moving forward. These efforts resulted in a very successful fiscal year 2021 and continued good results so far in fiscal year 2022, from both an educational and financial perspective.

State of Ohio Appropriations: The State of Ohio passed a new two-year budget which provided increases in higher education State Share of Instruction (SSI) funding of approximately 1% each for fiscal years 2022 and 2023. Sinclair has experienced better than average results in the allocation of dollars through the State's performance-based funding model due to its aggressive efforts to increase the number of students successfully completing courses, attaining intermediate milestones and earning degrees/certificates and/or transferring to baccalaureate institutions. Since the new formula was enacted in 2015, the College's share of overall community college funding has increased in each ensuing year as shown in Figure 4.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020



Montgomery County Levy: The two levies of the College are used entirely for expenditures benefiting students who reside in Montgomery County. This support manifests in the form of tuition subsidy and support for services at the Dayton campus. Levy A (3.2 mills, 10 years) was renewed in November of 2017 and is complemented by Levy B (1.0 mill, 8 years targeted to support growth in high demand programs such as health sciences), passed for the first time in the fall of 2015. Combined, these levies are expected to account for approximately \$38 million in annual revenue going forward. So far, property values and collections have held steady in spite of the COVID-19 pandemic.

Student Enrollments and Tuition & Fee Revenue: Pre-pandemic enrollments at Sinclair were stable over the past five years and headcount increased in fiscal year 2021. Full-time equivalent (FTE) enrollments were down modestly in fiscal 2021 and are trending slightly down in fiscal year 2022 as a result of the COVID-19 pandemic. The College anticipates enrollment to eventually recover and is well positioned to achieve increases due to having programs that are aligned with student and employer needs in high demand areas such as health sciences and advanced manufacturing and technology.

Workforce Development and Related Activities: Sinclair will continue to review and refresh its non-credit training and conference center offerings to ensure that the College's programming is aligned with community needs. Sinclair is a leader in new markets in Unmanned Aerial Systems (UAS), forging important partnerships with various national and regional organizations. In addition, the College launched the Goldman Sachs 10,000 Small Businesses program for entrepreneurs during fiscal year 2021 and offered diversity, equity and inclusion training to local employers. In partnership with Montgomery County, Sinclair will be offering entry level IT certificates and apprenticeship opportunities at the new Westown Center location in fiscal year 2022.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2021 and 2020

Facilities Campus Master Plan: During FY 2021, the College completed the first set of priorities from the campus master plan highlighted by completion of the plaza enhancements, Fourth and Fifth Street redevelopment improvements, and creation of pedestrian pathways. Recently, work was completed on the addition of a parking deck pavilion and creating an advanced manufacturing lab on our Mason campus. Collectively, these projects are making the campus and support services easier for students to access and navigate.

Sinclair's Strategic Planning: During 2018, the College undertook a comprehensive strategic planning process, which included participants from the Sinclair College and Foundation Board of Trustees, community leaders, elected officials, faculty, staff and students. This process resulted in the Sinclair Board of Trustees' adoption of *alignment, growth and equity* as the three top-level strategic priorities. The process also resulted in a set of strategic policy rules and alignment strategies to guide future initiatives. The College is in the process of implementing strategies and programs to meet the objectives of the plan and is targeting to refresh the plan at the next Board of Trustees Advance in January 2022.

Efficiency and Accountability: Sinclair has a history of being efficient, affordable, and accountable. In fact, the College has realized over \$50 million in cumulative savings, efficiencies, and cost avoidance during the past ten years. As example, Sinclair's utility costs are \$1.4 million or 38% lower than ten years ago due to implementing energy conservation measures. Sinclair will continue to drive efficiencies and cost savings to ensure that financial resources remain healthy and on a sustainable path.

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 12,942,754	\$ 19,174,397
Accounts receivable, net	9,248,597	10,202,516
Prepaid expenses	2,118,509	2,367,741
Interest receivable	420,824	464,027
Property tax levy receivable	38,035,112	38,151,372
Inventories	300,708	418,707
Total current assets	63,066,504	70,778,760
Noncurrent assets:		
Investments	150,644,789	115,926,997
Investment in capital assets	194,230,347	195,809,770
Net other postemployment benefit asset	10,428,766	5,757,266
Total noncurrent assets	355,303,902	317,494,033
Total assets	418,370,406	388,272,793
Deferred outflows of resources:		
Pension activity	18,947,604	22,623,412
Other postemployment benefits activity	3,953,836	6,809,530
Total deferred outflows of resources	22,901,440	29,432,942
Total assets and deferred outflows of resources	\$ 441,271,846	\$ 417,705,735
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable and accruals	\$ 3,351,939	\$ 5,362,755
Accrued salaries, wages and benefits	13,032,571	12,183,617
Unearned student fee income	4,456,003	3,644,841
Deposits	1,024,761	1,026,629
Total current liabilities	21,865,274	22,217,842
Noncurrent liabilities:		
Compensated absences	5,360,707	5,230,072
Net pension liability	113,997,786	124,734,248
Net other postemployment benefit liability	-	36,016,901
Total liabilities	141,223,767	188,199,063
Deferred inflows of resources:		
Property tax levy	38,035,112	38,644,844
Pension activity	23,160,911	19,490,066
Other postemployment benefit activity	21,277,222	12,339,533
Total deferred inflows of resources	82,473,245	70,474,443
Net position:		
Investment in capital assets	194,230,347	195,809,770
Restricted – Expendable, grants and contracts	1,705,397	1,785,878
Unrestricted	21,639,090	(38,563,419)
Total net position	217,574,834	159,032,229
Total liabilities, deferred inflows of resources, and net position	\$ 441,271,846	\$ 417,705,735

SINCLAIR COMMUNITY COLLEGE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 183,709	\$ 305,006
Receivable from Sinclair Community College	445,423	-
Investments:		
Fixed income security funds	7,534,994	5,043,347
Equity funds	33,231,155	25,377,642
Limited partnerships	189,159	211,678
Total investments	40,955,308	30,632,667
Prepaid expenses	-	9,766
Cash surrender value of life insurance	282,922	279,700
Property and equipment - Net	5,088,126	5,123,437
Total assets	\$ 46,955,488	\$ 36,350,576
 Liabilities and Net Assets		
Liabilities		
Payable to Sinclair Community College	\$ -	\$ 308,506
Other payables	75,664	75,664
Total liabilities	75,664	384,170
 Net Assets		
Without donor restrictions	31,860,636	23,833,312
With donor restrictions	15,019,188	12,133,094
Total net assets	46,879,824	35,966,406
Total liabilities and net assets	\$ 46,955,488	\$ 36,350,576

SINCLAIR COMMUNITY COLLEGE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Operating revenues:		
Student tuition and fees	\$ 46,643,150	\$ 49,846,009
Less grants and scholarships	(15,953,188)	(19,118,055)
Student tuition and fees, net of grants and scholarships	30,689,962	30,727,954
Federal grants and contracts	3,980,473	4,175,180
State and local grants and contracts	1,429,434	1,432,773
Nongovernmental grants and contracts	3,390,188	3,540,367
Sales and services of educational departments	385,270	496,061
Auxiliary enterprises:		
Food service	121,900	327,173
Bookstore (net of grants and scholarships of \$1,249,221 and \$1,681,226 in 2021 and 2020 respectively)	(449,676)	1,255,697
Parking	2,827,075	3,134,496
Other operating revenues	1,599,519	2,923,143
Total operating revenues	43,974,145	48,012,844

SINCLAIR COMMUNITY COLLEGE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Years ended June 30, 2021 and 2020

	2021	2020
Expenses		
Operating expenses:		
Educational and general:		
Instruction	\$ 67,734,223	\$ 74,710,201
Public service	2,094,833	2,232,624
Academic support	6,772,587	12,989,663
Student services	10,390,676	19,555,232
Institutional support	4,915,456	20,942,368
Plant operations and maintenance	12,588,898	13,854,941
Depreciation	12,534,434	12,099,262
Student aid	13,144,587	7,407,350
Auxiliary enterprises:		
Food service	493,689	447,766
Bookstore	1,110,922	3,448,270
Parking	2,238,384	2,611,633
Total operating expenses	134,018,689	170,299,310
Operating Loss	(90,044,544)	(122,286,466)
Nonoperating Revenues:		
State appropriations	53,147,070	49,473,782
County tax levy	38,550,037	38,422,561
HEERF and CRF grant revenue	26,979,523	2,821,524
Federal student aid grant programs	19,134,839	22,238,606
State student aid grant programs	1,547,539	1,349,108
Investment income	3,064,750	3,494,599
Net increase in the fair value of investments	2,575,067	2,699,845
Total nonoperating revenues	144,998,825	120,500,025
Gain (Loss) before Other Revenues	54,954,281	(1,786,441)
Other Revenues - State Capital Grants	3,588,324	9,480,641
Increase in Net Position	58,542,605	7,694,200
Net Position		
Beginning of year	159,032,229	151,338,029
End of year	\$ 217,574,834	\$ 159,032,229

SINCLAIR COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ 1,608,320	\$ 1,766,538	\$ 3,374,858	\$ 599,937	\$ 1,850,702	\$ 2,450,639
Net investment income (loss)	7,344,455	2,974,652	10,319,107	291,313	363,944	655,257
Lease income	640,322	-	640,322	136,156	-	136,156
Administration fee income	105,445	-	105,445	106,216	-	106,216
Other income	-	2,497	2,497	-	3,399	3,399
Net assets released from restrictions - Satisfaction of donor restrictions	1,857,593	(1,857,593)	-	2,142,524	(2,142,524)	-
Total revenue, gains, and other support	<u>11,556,135</u>	<u>2,886,094</u>	<u>14,442,229</u>	<u>3,276,146</u>	<u>75,521</u>	<u>3,351,667</u>
Expenses						
Expenses:						
Program	2,819,026	-	2,819,026	3,032,394	-	3,032,394
Management and general	356,697	-	356,697	318,918	-	318,918
Fundraising	353,088	-	353,088	302,952	-	302,952
Total expenses	<u>3,528,811</u>	<u>-</u>	<u>3,528,811</u>	<u>3,654,264</u>	<u>-</u>	<u>3,654,264</u>
Increase (Decrease) in Net Assets	8,027,324	2,886,094	10,913,418	(378,118)	75,521	(302,597)
Net Assets - Beginning of year	<u>23,833,312</u>	<u>12,133,094</u>	<u>35,966,406</u>	<u>24,211,430</u>	<u>12,057,573</u>	<u>36,269,003</u>
Net Assets - End of year	<u>\$ 31,860,636</u>	<u>\$ 15,019,188</u>	<u>\$ 46,879,824</u>	<u>\$ 23,833,312</u>	<u>\$ 12,133,094</u>	<u>\$ 35,966,406</u>

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Tuition and fees	\$ 34,337,186	\$ 33,230,269
Grants and contracts	7,013,537	7,495,392
Direct student loan receipts	17,158,260	18,419,768
Direct student loan disbursements	(17,394,525)	(19,634,262)
Payments to vendors and employees	(154,704,968)	(150,718,339)
Auxiliary enterprise charges	2,549,673	4,535,577
Sales and services of educational departments	347,257	822,393
Other receipts	2,198,440	2,514,620
Net cash used in operating activities	(108,495,140)	(103,334,582)
Cash Flows from Noncapital Financing Activities		
State appropriations	53,147,070	49,473,782
Property tax levy receipts	38,056,565	38,422,561
Deposits	(1,868)	(816,505)
HEERF and CRF grant revenue	26,979,523	2,821,524
Federal student aid grant programs	19,198,536	22,004,011
State student aid grant programs	1,111,085	1,357,742
Net cash provided by noncapital financing activities	138,490,911	113,263,115
Cash Flows from Capital and Related Financing Activities		
Capital grants	3,588,324	9,480,641
Purchases of capital assets	(11,176,298)	(25,307,416)
Net cash used in capital and related financing activities	(7,587,974)	(15,826,775)
Cash Flows from Investing Activities		
Proceeds from maturities of investments	31,429,463	39,186,624
Interest on investments	3,085,588	3,494,027
Purchase of investments	(63,154,491)	(25,710,365)
Net cash (used in) provided by investing activities	(28,639,440)	16,970,286
Net (Decrease) Increase in Cash and Cash Equivalents	(6,231,643)	11,072,044
Cash and Cash Equivalents		
Beginning of year	19,174,397	8,102,353
End of year	\$ 12,942,754	\$ 19,174,397

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (90,044,544)	\$ (122,286,466)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	12,529,059	12,084,817
Loss on disposal of equipment	5,375	14,445
Changes in operating assets and liabilities, deferred inflows of resources, and deferred outflows of resources which provided (used) cash:	-	
Accounts receivable	1,431,208	(494,669)
Inventory	117,999	916,530
Prepaid expenses	249,232	966,600
Net other postemployment benefit asset	(4,671,500)	(63,266)
Accounts payable and accruals	(2,010,816)	(4,224,837)
Accrued salaries, wages, benefits and compensated absences	979,589	1,838,048
Unearned student fee income	811,162	(138,942)
Deferred outflow of resources - pension activity	3,579,235	19,479,351
Deferred outflow of resources - other postemployment benefit activity	2,855,694	(2,760,754)
Deferred inflow of resources - pension activity	3,488,841	7,018,287
Deferred inflow of resources - other postemployment benefit activity	8,937,689	3,504,863
Net pension liability	(10,736,462)	(20,854,439)
Net other postemployment benefit liability	(36,016,901)	1,665,850
Net cash used in operating activities	\$ (108,495,140)	\$ (103,334,582)

SINCLAIR COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2021 and 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Sinclair Community College (the “College”), a two-year institution of higher education, began operations as a public community college in 1966. The College is operated by the Warren County Montgomery County Community College District, and is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. The College offers associate degrees, certificate programs, and continuing education in the areas of life and health sciences; science, mathematics, and engineering; liberal arts, communication, and social sciences; and business and public services.

Basis of Presentation: The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resource measurement focus. The College follows all applicable GASB pronouncements. The College follows the “business-type activities” reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the College’s financial activities.

Basis of Accounting: The financial statements of the College have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Cash and Cash Equivalents: Cash, certificates of deposit, and money market funds, stated at cost, are considered cash and cash equivalents with original maturities less than 90 days.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources, in connection with reimbursement of allowable expenditures made pursuant to the College’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts of approximately \$688,000 and \$488,000 at June 30, 2021 and 2020, respectively. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, previous loss history, and the condition of the general economy and the industry as a whole.

Inventories: Inventories, which consist principally of publications, general merchandise, and other goods, are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Investments: Investments are stated at fair value. Purchases and sales of investments are accounted for on the trade date basis. Realized and unrealized gains and losses are reported as investment income or loss.

The College has invested funds 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 SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price at which the investment could be sold on June 30, 2021.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted as appropriate. Capital asset additions of equipment and fixtures with a cost equal to or in excess of \$5,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives in the table that follows. Buildings and improvements with a cost in excess of \$100,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10 - 60 years
Equipment and fixtures	5 - 20 years
Library materials	5 years

Deferred Outflows of Resources: In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note H.

Unearned Student Fee Income: Unearned student fee income includes the unearned portion of student tuition and fees for the summer and fall sessions. Unearned student fee income also includes advance payments received from businesses for non-credit classes and seminars conducted after June 30.

Compensated Absences: Administrative and professional employees earn vacation leave at a rate of 13.33 hours for each month of service up to a maximum of 240 hours. Support staff earns vacation at a rate of eight hours per month for the first five years of service up to a maximum of 240 hours. After five years of continuous employment, an additional eight hours per year (.66 hours per month) are added to the accrual rate each year until the maximum monthly accrual rate of 13.33 hours is reached. Upon termination of employment, an employee is entitled to payment for all accrued vacation hours. The College has accrued a vacation liability for all employees equal to amounts earned.

All College employees earn 10 hours of sick leave for each month of service up to a maximum of 120 hours per year. Unused sick leave accumulates up to a maximum of 1,200 hours. This sick leave will either be absorbed by time off due to illness or injury, or within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave up to a maximum payout of 240 hours. The College has accrued a sick leave liability for all employees equal to the maximum payout upon retirement.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System Pension Plan (OPERS) and the State Teachers Retirement System of Ohio Pension Plan (STRS) and the additions to/deductions from the OPERS' and STRS' fiduciary net position have been determined on the same basis as they are reported by the OPERS and STRS. OPERS and STRS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefit: For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS and STRS and additions to/deductions from OPERS' and STRS' fiduciary net position have been determined on the same basis as they are reported by the OPERS and STRS. OPERS and STRS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS and STRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources: In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note H.

The College also has deferred inflows of resources for property taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021 and 2020, but which were levied to finance fiscal year 2022 and 2021, respectively, operations.

Net Position Classifications: In accordance with GASB Statement No. 35 guidelines, the College's resources are classified into the following three net position categories:

- Investment in capital assets: Capitalized physical assets, net of accumulated depreciation (see Note D).
- Restricted – expendable, grants and contracts: Resources related to grants, contracts, and taxes, including taxes levied in the prior reporting period and received in the reporting period, whose use is subject to externally-imposed restrictions including limitations on the use of net assets imposed by enabling legislation.
- Unrestricted: Resources that are not subject to externally-imposed restrictions. Unrestricted resources may be designated for specific purposes by the Board of Trustees. Substantially all of the College's unrestricted resources are designated for future uses or contingencies (See Note B).

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

Grants and Scholarships: Student tuition and fees and bookstore revenues are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program, Sinclair Community College grant programs, and the Sinclair Community College Foundation. Payments made directly to students from grants and scholarships are presented as Student Aid.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Versus Nonoperating Revenues and Expenses: The College defines operating activities as reported on the statement of revenues, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the College's expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as nonoperating revenues as required by GASB Statement No. 35, and *GASB's Implementation Guide*. Nonoperating revenue includes state appropriations, county property tax levy receipts, certain government grants, investment income, and state capital grants.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Tax Abatement: The College's property tax revenue is affected by tax abatements entered into by Montgomery County. The College's property tax revenues were reduced by \$529,603 and \$522,755 for the year ended June 30, 2021 and 2020, respectively.

Impact of COVID-19: On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the "shelter-at-home" guidelines during April and May 2020, the College shifted to a remote online learning environment and sent students home. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling \$59,738,832, of which \$23,734,571 was required to be given directly to students. For the year ended June 30, 2021 and 2020, the College recognized HEERF grant revenue totaling \$23,664,568 and \$2,821,524, respectively. Subsequent to June 30, 2020, the College was allocated CARES – Ohio COVID Relief Funds of \$3,211,072 which was fully utilized in fiscal year 2021. The severity of the continued impact due to COVID-19 on the College's financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

Upcoming Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard will increase current and noncurrent assets upon adoption. The effects on the statement of revenues, expenses and changes in net position are not expected to be significant. The provisions of this statement were originally effective for the College's financial statements for the year ending June 30, 2021, but were extended to June 30, 2022 with the issuances of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the statement related to 457 plans are effective for the College's financial statements for the year ending June 30, 2022.

NOTE B – CASH AND INVESTMENTS

In accordance with the Ohio Revised Code and the College's investment policy, the College is authorized to invest cash in securities of the United States government or of its agencies or instrumentalities, the Treasurer of State's pooled investment program and federally insured cash account program, obligations of any state, obligations of any Ohio political subdivision, certificates of deposit, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, bankers' acceptances, corporate obligations, U.S. and global fixed income mutual funds, and domestic and international equity mutual funds. The classification of cash and cash equivalents and investments in the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

Deposits: At June 30, 2021, the carrying amount of the College's deposits in all funds was \$12,942,754 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$14,011,748. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2021. Of the financial institution balance, \$869,011 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$12,892,737 was uninsured.

At June 30, 2020, the carrying amount of the College's deposits in all funds was \$19,174,397 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$20,318,224. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2021. Of the financial institution balance, \$1,121,595 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$18,946,629 was uninsured.

The uninsured deposits were either 1) held in accounts at Ohio banks that maintain collateral pools securing public funds deposits in accordance with the Ohio Revised Code (\$6,605,933 at June 30, 2021 and \$9,837,445 at June 30, 2020), or 2) in the case of money market account balances were backed by the underlying securities held by the fund (\$6,286,804 at June 30, 2021 and \$9,109,184 at June 30, 2020). The custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, the College's deposits may not be returned to the College, or the College may not be able to recover the value of collateral securities that are in the possession of an outside party.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE B – CASH AND INVESTMENTS (Continued)

Investments: Investments at June 30, 2021 and 2020 were \$150,644,789 (amortized cost basis of \$142,816,917) and \$115,926,997 (amortized cost basis of \$110,674,188), respectively.

Investments at June 30 were as follows:

	Fair Value at June 30, 2021	Maturities				
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years	Greater than 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 21,449,710	\$ 716	\$ 594,592	\$ 2,069,560	\$ 13,868,655	\$ 4,916,187
Other federal agency securities	8,019,243	995,350	4,537,718	2,486,175	-	-
Municipal bonds	3,436,443	155,050	1,616,510	1,664,883	-	-
Fixed income security funds	15,325,374	2,491,858	12,833,516	-	-	-
Equity funds	15,685,994	15,685,994	-	-	-	-
Corporate bonds	35,797,362	14,657,996	15,575,919	5,563,447	-	-
STAR Ohio	50,662,596	50,662,596	-	-	-	-
Certificates of deposit	268,067	-	268,067	-	-	-
Total	\$ 150,644,789	\$ 84,649,560	\$ 35,426,322	\$ 11,784,065	\$ 13,868,655	\$ 4,916,187

	Fair Value at June 30, 2020	Maturities				
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years	Greater than 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 29,501,092	\$ 543	\$ 1,013,836	\$ 2,965,608	\$ 18,480,885	\$ 7,040,220
Other federal agency securities	5,537,740	4,027,405	-	1,510,335	-	-
Municipal bonds	2,453,508	1,329,604	1,123,904	-	-	-
Fixed income security funds	14,594,639	3,843,333	10,751,306	-	-	-
Equity funds	10,919,538	10,919,538	-	-	-	-
Corporate bonds	36,643,908	15,870,266	15,872,468	4,901,174	-	-
STAR Ohio	16,001,689	16,001,689	-	-	-	-
Certificates of deposit	274,883	274,883	-	-	-	-
Total	\$ 115,926,997	\$ 52,267,261	\$ 28,761,514	\$ 9,377,117	\$ 18,480,885	\$ 7,040,220

The certificates of deposit were fully FDIC insured. The federal agency, municipal and corporate bonds were all credit quality "A" or higher, as required by the College's investment policy. Government National Mortgage Association (GNMA) bonds are aggregations of home mortgages that carry the full faith and credit guaranty of the U.S. government, the same guaranty provided to U.S. Treasury instruments. U.S. treasuries and GNMA bonds are not subject to the credit risk disclosures of GASB Statement No. 40.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE B – CASH AND INVESTMENTS (Continued)

There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption rates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$50 million, requiring excess amounts to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

A GNMA bond does not mature all at once on its stated maturity date. Rather, a portion of each bond matures every month, and an entire bond will usually mature many years before its maturity date. The following homeowner actions result in the return of principal to the owners of a GNMA bond: 1) making a monthly mortgage payment which includes a principal component, 2) refinancing a mortgage and thereby paying off the old mortgage, 3) selling a home and paying off the mortgage. GNMA principal amounts returned to the College are either reinvested, held as cash, or used in operations as deemed appropriate. For the years ended June 30, 2021 and 2020, the College's GNMA investments returned principal as follows:

Years:	2021	2020
0 - 5	\$ 555,993	\$ 445,236
6 - 10	1,927,691	1,015,153
11 - 20	12,303,835	2,577,067
Greater than 20	4,699,584	1,214,310
Total (at cost)	\$ 19,487,103	\$ 5,251,766

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the requirements of the Ohio Revised Code and to insure that the term of the maturity of investments does not exceed the need for the availability of the funds invested. The College has the ability and intent to hold all investment securities until maturity; therefore, it is not anticipated that market gains or losses will be realized.

The College's cash and investments help support allocated net positions designated by the Board of Trustees or restricted by outside parties for the following purposes:

	2021	2020
Capital improvements, facility renovations, equipment	\$ 84,558,260	\$ 67,208,843
Tuition stabilization, rainy day fund, uninsured losses, other contingencies and initiatives	33,965,638	23,437,159
Auxiliary enterprises	10,566,522	10,502,061
Board-designated endowment	17,417,238	17,347,572
Agency funds	237,145	331,486
Total unrestricted net position before pension and other postemployment benefit activity	146,744,803	118,827,121
Pension activity	(118,211,093)	(121,600,902)
Other postemployment benefit activity	(6,894,620)	(35,789,638)
Total unrestricted net position	21,639,090	(38,563,419)
Restricted grants and contracts	1,705,397	1,785,878
Total unrestricted and restricted net position	\$ 23,344,487	\$ (36,777,541)

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE C – FAIR VALUE MEASUREMENTS

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

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

The College has the following recurring fair value measurements as of June 30, 2021 and 2020:

	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
Government National Mortgage Association (GNMA) Bonds	\$ 21,449,710	\$ -	\$ 21,449,710	\$ -
Other federal agency securities	8,019,243	-	8,019,243	-
Municipal bonds	3,436,443	-	3,436,443	-
Fixed income security funds	15,325,374	-	15,325,374	-
Equity funds	15,685,994	-	15,685,994	-
Corporate bonds	35,797,362	-	35,797,362	-
Total debt securities	<u>\$ 99,714,126</u>	<u>\$ -</u>	<u>\$ 99,714,126</u>	<u>\$ -</u>

	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
Government National Mortgage Association (GNMA) Bonds	\$ 29,501,092	\$ -	\$ 29,501,092	\$ -
Other federal agency securities	5,537,740	-	5,537,740	-
Municipal bonds	2,453,508	-	2,453,508	-
Fixed income security funds	14,594,639	-	14,594,639	-
Equity funds	10,919,538	-	10,919,538	-
Corporate bonds	36,643,908	-	36,643,908	-
Total debt securities	<u>\$ 99,650,425</u>	<u>\$ -</u>	<u>\$ 99,650,425</u>	<u>\$ -</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE C – FAIR VALUE MEASUREMENTS *(Continued)*

The fair value of debt securities classified as Level 2 are valued using other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments on the statement of net position as of June 30, 2021 and 2020 include certificates of deposits of \$268,067 and \$274,883, respectively, and investments in STAR Ohio of \$50,662,596 and \$16,001,689, respectively. The certificates of deposit and investment in STAR Ohio are excluded from the fair value table above as they are measured at amortized cost.

NOTE D – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	June 30, 2021				
	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Cost:					
Land and improvements	\$ 18,173,733	\$ 860,902	\$ -	\$ -	\$ 19,034,635
Buildings and improvements	351,231,386	3,621,554	13,586,763	-	368,439,703
Equipment and fixtures	38,996,208	2,273,132	-	(402,775)	40,866,565
Library materials	2,244,448	78,595	-	(5,024)	2,318,019
Total cost	410,645,775	6,834,183	13,586,763	(407,799)	430,658,922
Less accumulated depreciation:					
Buildings and improvements	199,668,934	10,306,146	-	-	\$ 209,975,080
Equipment and fixtures	30,416,058	2,148,543	-	(397,400)	32,167,201
Library materials	2,030,186	74,370	-	(5,024)	2,099,532
Total accumulated depreciation	232,115,178	12,529,059	-	(402,424)	244,241,813
Construction in progress	17,279,173	4,132,930	(13,598,865)	-	7,813,238
Capital assets, net	\$ 195,809,770	\$ (1,561,946)	\$ (12,102)	\$ (5,375)	\$ 194,230,347

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE D – CAPITAL ASSETS (Continued)

	June 30, 2020				Ending Balance
	Beginning Balance	Additions	Transfers	Disposals	
Cost:					
Land and improvements	\$ 18,173,733	\$ -	\$ -	\$ -	\$ 18,173,733
Buildings and improvements	319,569,769	7,566,567	24,095,050	-	351,231,386
Equipment and fixtures	37,863,743	2,663,472	-	(1,531,007)	38,996,208
Library materials	2,245,367	62,456	-	(63,375)	2,244,448
Total cost	<u>377,852,612</u>	<u>10,292,495</u>	<u>24,095,050</u>	<u>(1,594,382)</u>	<u>410,645,775</u>
Less accumulated depreciation:					
Buildings and improvements	189,688,311	9,980,623	-	-	199,668,934
Equipment and fixtures	29,905,261	2,027,359	-	(1,516,562)	30,416,058
Library materials	2,016,726	76,835	-	(63,375)	2,030,186
Total accumulated depreciation	<u>221,610,298</u>	<u>12,084,817</u>	<u>-</u>	<u>(1,579,937)</u>	<u>232,115,178</u>
Construction in progress	26,359,302	15,044,022	(24,124,151)	-	17,279,173
Capital assets, net	<u>\$ 182,601,616</u>	<u>\$ 13,251,700</u>	<u>\$ (29,101)</u>	<u>\$ (14,445)</u>	<u>\$ 195,809,770</u>

NOTE E – LONG-TERM LIABILITIES

Long-term liabilities activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	June 30, 2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	<u>\$ 5,469,421</u>	<u>\$ 321,031</u>	<u>\$ (215,361)</u>	<u>\$ 5,575,091</u>	<u>\$ 214,384</u>
	June 30, 2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	<u>\$ 5,292,635</u>	<u>\$ 411,263</u>	<u>\$ (234,477)</u>	<u>\$ 5,469,421</u>	<u>\$ 239,349</u>

Long-term liabilities are primarily accumulated sick leave payable to employees upon retirement. See Note A, *Compensated Absences*, for further discussion.

NOTE F – STATE AND COUNTY SUPPORT

The College is an institution of higher education that receives a student-based subsidy from the State of Ohio using a performance outcomes-based formula devised by the Ohio Department of Higher Education (formerly known as the Ohio Board of Regents). In addition to student subsidies, the State of Ohio provides a portion of the funding for the construction of major plant facilities on the College's campuses, as well as for the renovation of facilities and the purchase of equipment.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE F – STATE AND COUNTY SUPPORT (Continued)

The College also receives support from two Montgomery County, Ohio property tax levies. A successful ballot issue in the November 2017 primary election renewed a 3.2 mill levy that commenced January 1, 2020 and will end December 31, 2027. On November 3, 2015, an additional 1 mill operating levy was passed. It commenced January 1, 2015 and will end December 31, 2022. By state law, levy receipts must be used solely for the benefit of Montgomery County residents attending the College in the form of student tuition subsidy, student scholarships and instructional facilities, equipment, and support services located within Montgomery County.

Property taxes receivable represent outstanding property taxes which were measurable at June 30, 2021. 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 2021 operations, the receivable amount is recorded as deferred inflows of resources.

NOTE G – LEASE OBLIGATIONS

The College leases land, buildings, and office space under operating lease agreements, some with a related party, Courseview Holdings, LLC as referenced in Note K. The total rental expense under these agreements was approximately \$2,102,000 and \$1,734,000 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2021 are as follows:

Year Ended June 30:	Amount
2022	\$ 1,193,417
2023	528,104
2024	406,720
2025	396,269
2026	373,724
2027-2031	1,615,410
2032-2034	949,920
Total minimum lease payments	\$ 5,463,564

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Descriptions: The College participates in the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that cover substantially all employees of the College. Each system has three retirement plan options available to its members, and provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

SINCLAIR COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. The reports may be obtained by contacting:

State Teachers Retirement System
 of Ohio
 275 E. Broad Street
 Columbus, Ohio 43215
 (888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement
 System
 277 East Town Street
 Columbus, Ohio 43215
 (800) 222-7377
www.opers.org

Contributions: State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limit the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by an actuarial valuation using the entry age normal cost method. Under these provisions, each College's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximum authorized by the ORC. The plans' 2021 and 2020 employer contribution and member contribution rates on covered payroll to each system were:

	Employer Contribution Rate					Member
						Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefits	Medicare B	Total	Total
STRS	14.00%	0.00%	0.00%	0.00%	14.00%	14.00%
OPERS	14.00%	0.00%	0.00%	0.00%	14.00%	10.00%
OPERS - Law enforcement	18.10%	0.00%	0.00%	0.00%	18.10%	13.00%

The College's required actual pension and OPEB contributions to the plans were:

	Years Ended June 30			
	2021		2020	
	Pension	OPEB	Pension	OPEB
STRS	\$ 5,416,098	\$ -	\$ 5,713,516	\$ -
OPERS	\$ 5,698,269	-	\$ 5,515,205	-
Total	\$ 11,114,367	\$ -	\$ 11,228,721	\$ -

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Benefits Provided:

STRS: Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Effective August 1, 2017 – July 1, 2019, any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (three to five years) and multiplies by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependent. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

OPERS: Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (5 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (5-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and who has completed 60 contributing months is eligible for a disability benefit.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A death benefit of \$500 - \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net Pension Liability, Deferrals, and Pension Expense: At June 30, 2021 and 2020, the College reported a liability for its proportionate share of the net pension liability of STRS and OPERS. As of June 30, 2021 and 2020, the net pension liability was measured as of June 30, 2020 and 2019 for STRS and December 31, 2020 and 2019 for OPERS, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates except STRS' net pension liability's actuarial valuation for the June 30, 2019 measurement date was dated July 1, 2019, which was rolled forward to the measurement date. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change 2020-21	Percent Change 2020-19
		2021	2020	2021	2020		
STRS	July 1	\$ 77,563,775	\$ 76,871,993	0.32056%	0.34761%	-0.02705%	0.00986%
OPERS	December 31	36,434,011	47,862,255	0.25561%	0.24700%	0.00861%	0.00349%

For the years ended June 30, 2021 and 2020, the College recognized pension (credit) expense of \$(3,389,894) and \$5,364,622, respectively. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,076	\$ (2,331,630)	\$ 681,802	\$ (1,171,344)
Changes in assumptions	4,249,456	-	11,737,656	-
Net difference between projected and actual earnings on pension plan investments	3,771,935	(14,960,455)	-	(13,623,426)
Changes in proportion and differences between College contributions and proportionate share of contributions	1,926,170	(5,868,826)	1,294,784	(4,695,296)
College contributions subsequent to the measurement date	8,771,967	-	8,909,170	-
Total	\$ 18,947,604	\$ (23,160,911)	\$ 22,623,412	\$ (19,490,066)

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

Year Ended June 30:		
2022	\$	(4,594,603)
2023		(1,527,456)
2024		(5,358,315)
2025		(1,460,396)
2026		(20,769)
Thereafter		(23,735)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Net OPEB Liability (Asset), Deferrals, and OPEB Expense: At June 30, 2021, the College reported a liability (asset) for its proportionate share of the net OPEB liability (asset) of STRS and OPERS. For June 30, 2021, the net OPEB liability (asset) was measured as of June 30, 2020 for STRS and December 31, 2020 for the OPERS plan. For June 30, 2020, the net OPEB liability (asset) was measured as of June 30, 2019 for STRS and December 31, 2019 for the OPERS plan. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2019 and 2018, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals, during the year for the defined benefit health care plans.

Typically, the College’s proportion of the net OPEB liability (asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2020 and 2019, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS’ calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2020 and 2019, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS’ calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB (Asset) Liability		Proportionate Share		Percent Change 2021-2020	Percent Change 2020-2019
		2021	2020	2021	2020		
STRS	June 30	\$ (5,634,000)	\$ (5,757,266)	0.32056%	0.34761%	-0.02705%	0.00986%
OPERS	December 31	(4,794,766)	36,016,901	0.26913%	0.26075%	0.00838%	0.00465%

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

For the year ended June 30, 2021 and 2020, the College recognized OPEB (credit) expense of \$(28,895,018) and \$2,346,693, respectively. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 361,000	\$ (5,449,249)	\$ 522,903	\$ (3,586,819)
Changes in assumptions	2,450,162	(13,119,958)	5,822,109	(6,312,167)
Net difference between projected and actual earnings on OPEB plan investments	197,000	(2,553,759)	-	(2,195,569)
Changes in proportion and differences between College contributions and proportionate share of contributions	945,674	(154,256)	464,518	(244,978)
Total	<u>\$ 3,953,836</u>	<u>\$ (21,277,222)</u>	<u>\$ 6,809,530</u>	<u>\$ (12,339,533)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2022	\$ (7,473,165)
2023	(5,464,547)
2024	(2,337,562)
2025	(1,499,734)
2026	(269,753)
Thereafter	(278,625)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability (asset) in the next year.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Actuarial Assumptions: The total pension liability and OPEB liability (asset) is based on the results of an actuarial valuation, and were determined using the following actuarial assumptions for the College's current year:

	STRS	OPERS
Valuation date - pension	June 30, 2020	December 31, 2020
Valuation date - OPEB	June 30, 2020	December 31, 2019
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	1.40 percent - 3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return - pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Healthcare cost trends	(6.7) percent to 11.9 percent initial, 4.0 percent ultimate	10.50 percent initial, 3.50 percent ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of between ages 80 and 84, and 100% of thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

The following are actuarial assumptions for the College's prior year:

	STRS	OPERS
Valuation date - pension	June 30, 2019	December 31, 2019
Valuation date - OPEB	June 30, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	1.40 percent - 3.00 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investment rate of return - pension	7.45 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	7.45 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Healthcare cost trends	4.93 percent to 9.62 percent initial, 4.0 percent ultimate	10.50 percent initial, 3.50 percent ultimate in 2030
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of between ages 80 and 84, and 100% of thereafter, projected forward generationally using mortality improvement scale MP-2016	RP-2014 Healthy Annuitant Mortality Table

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Pension Discount Rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liabilities for STRS was 7.45 percent for plan years ended June 30, 2020 and 2019. The discount rate used to measure the total pension liability for OPERS was 7.20 percent for the plan years ended December 31, 2020 and 2019.

OPEB Discount Rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities (assets) was 7.45 percent for the plan years ended June 30, 2020 and 2019. At June 30, 2020 and 2019, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities (assets) was 6.0 percent and 3.16 percent for the plan years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

At December 31, 2019, the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments of 6.00 percent and the Fidelity 20-year Municipal General Obligation AA Index rate of 2.75 percent at December 31, 2019. The long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

The long-term expected rate of return on pension and OPEB plans investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

STRS - as of July 1, 2020			OPERS - as of December 31, 2020				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		
			Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return	
Domestic equity	28.00%	7.35%	25.00%	1.32%	34.00%	1.07%	
International equity	23.00%	7.55%	21.00%	5.64%	25.00%	5.64%	
Alternatives	17.00%	7.09%	10.00%	5.39%	0.00%	0.00%	
Fixed income	21.00%	3.00%	12.00%	10.42%	0.00%	0.00%	
Real estate	10.00%	6.00%	23.00%	7.36%	25.00%	7.36%	
Liquidity reserves	1.00%	2.25%	0.00%	0.00%	7.00%	6.48%	
Total	100.00%		9.00%	4.75%	9.00%	4.02%	
			100.00%		100.00%		

STRS - as of July 1, 2019			OPERS - as of December 31, 2019				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		
			Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return	
Domestic equity	28.00%	7.35%	25.00%	1.83%	36.00%	1.53%	
International equity	23.00%	7.55%	19.00%	5.75%	21.00%	5.75%	
Alternatives	17.00%	7.09%	10.00%	5.20%	0.00%	0.00%	
Fixed income	21.00%	3.00%	12.00%	10.70%	0.00%	0.00%	
Real estate	10.00%	6.00%	21.00%	7.66%	23.00%	7.66%	
Liquidity reserves	1.00%	2.25%	0.00%	0.00%	6.00%	5.69%	
Total	100.00%		13.00%	4.98%	14.00%	4.90%	
			100.00%		100.00%		

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the College, calculated using the discount rate listed below, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 110,437,312	7.45%	\$ 77,563,775	8.45%	\$ 49,706,190
OPERS	6.20%	71,199,168	7.20%	36,434,011	8.20%	7,562,202
		<u>\$ 181,636,480</u>		<u>\$ 113,997,786</u>		<u>\$ 57,268,392</u>
2020						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ 112,339,854	7.45%	\$ 76,871,993	8.45%	\$ 46,846,632
OPERS	6.20%	79,944,216	7.20%	47,862,255	8.20%	19,089,695
		<u>\$ 192,284,070</u>		<u>\$ 124,734,248</u>		<u>\$ 65,936,327</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the College, calculated using the discount rate listed below, as well as what the College's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (4,901,783)	7.45%	\$ (5,634,000)	8.45%	\$ (6,254,913)
OPERS	5.00%	(1,192,246)	6.00%	\$ (4,794,766)	7.00%	(7,756,327)
		<u>\$ (6,094,029)</u>		<u>\$ (10,428,766)</u>		<u>\$ (14,011,240)</u>
2020						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
STRS	6.45%	\$ (4,912,680)	7.45%	\$ (5,757,266)	8.45%	\$ (6,467,365)
OPERS	2.16%	47,133,893	3.16%	36,016,901	4.16%	27,115,808
		<u>\$ 42,221,213</u>		<u>\$ 30,259,635</u>		<u>\$ 20,648,443</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate: The following presents the net OPEB liability (asset) of the College, calculated using the healthcare cost trend rate listed below, as well as what the College's net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 Percent Decrease	2021	Trend Rate	1.00 Percent Increase
STRS	\$ (6,216,359)		\$ (5,634,000)	\$ (4,924,184)
OPERS	(4,911,623)		(4,794,766)	(4,664,023)
	\$ (11,127,982)		\$ (10,428,766)	\$ (9,588,207)

Plan	1.00 Percent Decrease	2020	Trend Rate	1.00 Percent Increase
STRS	\$ (6,528,474)		\$ (5,757,266)	\$ (4,812,721)
OPERS	34,954,074		36,016,901	37,066,181
	\$ 28,425,600		\$ 30,259,635	\$ 32,253,460

Pension Plan and OPEB Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net positions is available in the separately issued STRS and OPERS financial reports.

Assumption Changes: During the measurement periods ended June 30, 2020 and December 31, 2020, respectively, certain assumption changes were made by the plans. The OPERS OPEB discount rate was increased from 3.16 percent to 6.00 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2020. The OPERS OPEB discount rate was reduced from 3.96 percent to 3.16 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2019.

Benefit Changes: There were no significant benefit terms changes for the pension or OPEB plans since the prior two measurement dates for STRS. Effective in 2022, OPERS will replace the current self-insured group plan with a marketplace concept for pre-Medicare retirees.

Payable to the Pension Plans: At June 30, 2021, the College reported a payable of \$1,180,708 for the outstanding amount of contributions to the pension plan, required for the year ended June 30, 2021. At June 30, 2020, the College reported a payable of \$1,592,768 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020. There was no reported payable to the OPEB plan as of June 30, 2021 and 2020.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Defined Contribution Pension Plan: The Alternative Retirement Plan (ARP) is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The College's Board of Trustees adopted the College's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the College. Employee and employer contributions equal to those required by STRS, and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47 percent for STRS and 2.50 percent for OPERS for the years ended June 30, 2021 and 2020. The employer also contributes what would have been the employer's contribution under STRS, or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The College plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the years ended June 30, 2021 and 2020, employee contributions totaled \$417,031 and \$480,253, respectively, and the College recognized pension expense of \$469,295 and \$429,695 respectively.

NOTE I – INSURANCE

The College maintains comprehensive and umbrella insurance coverage with private carriers for real property, building contents, vehicles, and liability. Vehicle policies include liability coverage for bodily injury and property damage. The College's Aviation Policy includes unmanned aerial systems. Additionally, the College carries professional coverage for employees and its Board of Trustees, Crime & Employee Dishonesty coverage and Cyber Liability coverage. The College retains a consulting firm to perform an annual examination of all insurance policies.

The College is self-insured for certain employee health benefit programs. Funding for these programs is based on actuarial projections provided by the plan administrators. The College also offers a high deductible health savings account option for its employees. Aggregate and specific stop loss insurance is maintained for benefit payments that exceed the maximum limits outlined in the policy. The claims liability of approximately \$1,298,000 and \$970,000 reported at June 30, 2021 and 2020, respectively, is based on an estimate provided by an actuary and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. No incremental claim adjustment expenses are included in the estimate. The amount is in the accrued salaries, wages and benefits on the statement of net position.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE I – INSURANCE (continued)

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

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2021	\$ 970,000	\$ 11,383,245	\$ (11,055,245)	1,298,000
2020	1,366,000	9,612,545	(10,008,545)	970,000
2019	1,287,000	9,205,052	(9,156,052)	1,366,000

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

NOTE J – CONTINGENCIES

The College receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. As of June 30, 2021 and 2020, the College is not aware of any potential disallowances.

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION

The College is the sole beneficiary of the Sinclair Community College Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting education activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to \$2,713,581 and \$2,926,178 for the years ended June 30, 2021 and 2020, respectively.

	June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Fixed income security funds	\$ 7,534,994	\$ -	\$ -	\$ 7,534,994
Domestic equity funds	18,760,564			18,760,564
International equity funds	11,479,735			11,479,735
Alternative equity funds	2,990,856	-	-	2,990,856
Total	40,766,149	-	-	40,766,149
Investments valued at NAV				189,159
Total				<u>\$ 40,955,308</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

	June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Fixed income security funds	\$ 5,043,347	\$ -	\$ -	\$ 5,043,347
Domestic equity funds	14,123,492			14,123,492
International equity funds	8,999,102			8,999,102
Alternative equity funds	2,255,048	-	-	2,255,048
Total	30,420,989	-	-	30,420,989
Investments valued at NAV				211,678
Total				\$ 30,632,667

The fair value of the investments valued at net asset value (NAV) at June 30, 2021 and 2020 was determined primarily based on unobservable inputs. The Foundation estimates the fair value of these investments based on the most recent investment statement provided for the respective funds. The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period.

	2021	2020
Limited partnerships	\$ 189,159	\$ 211,678

The limited partnership investments hold investments in various preferred stocks, convertible promissory notes, and common stocks. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

Capital assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 4,526,086	\$ 4,526,086
Building	882,783	882,783
Total cost	5,408,869	5,408,869
Less accumulated depreciation	(320,743)	(285,432)
Net property and equipment	\$ 5,088,126	\$ 5,123,437

The Foundation purchased the land and building in 2012 and donated it to Courseview Holdings, LLC, a limited liability company of which the Foundation is the sole member and for which the amounts are included in the Foundation's consolidated financial statements. All of the property is being leased by the LLC to the College for the College's use in expanding its Courseview Campus in Mason, Ohio.

Net assets of the Foundation are classified based on the presence or absence for donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the

Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Net assets with donor restrictions were as follows:

	2021	2020
Specified purpose:		
Scholarships	\$ 10,457,350	\$ 8,429,729
Program support	4,561,838	3,703,365
Total	\$ 15,019,188	\$ 12,133,094

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

The endowment net asset composition by type of fund as of June 30, 2021 and 2020 were as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 7,564,594	\$ 7,564,594
Accumulated gains	-	5,039,504	5,039,504
Quasi endowment funds	101,774	-	101,774
Total	\$ 101,774	\$ 12,604,098	\$ 12,705,872
	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 7,149,944	\$ 7,149,944
Accumulated gains	-	2,810,976	2,810,976
Quasi endowment funds	82,810	-	82,810
Total	\$ 82,810	\$ 9,960,920	\$ 10,043,730

REQUIRED SUPPLEMENTARY INFORMATION

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years ended June 30, 2021 and 2020

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

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective STRS net pension liability:							
As a percentage	0.32056%	0.34761%	0.35438%	0.34452%	0.35323%	0.39448%	0.38931%
Amount	\$77,563,775	\$76,871,993	\$77,919,147	\$81,840,400	\$118,235,708	\$109,021,783	\$94,694,808
College's covered payroll	\$41,538,937	\$39,062,517	\$39,633,414	\$38,126,183	\$37,701,940	\$39,747,965	\$39,228,052
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered-employee payroll	186.73%	196.79%	196.60%	214.66%	313.61%	274.28%	241.40%
STRS fiduciary net position as a percentage of the total pension liability	75.50%	77.40%	77.30%	75.29%	66.78%	72.10%	74.71%

Schedule of College's Pension Contributions - STRS

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$5,416,098	\$5,713,516	\$5,640,113	\$5,302,536	\$5,203,277	\$5,761,983	\$5,568,809
Contributions in relation to the actuarially determined contractually required contribution	\$5,416,098	\$5,713,516	\$5,640,113	\$5,302,536	\$5,203,277	\$5,354,650	\$5,779,151
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$407,333	(\$210,342)
Covered payroll	\$39,885,908	\$41,538,937	\$39,062,517	\$39,633,414	\$38,126,183	\$37,701,940	\$39,747,965
Contributions as a percentage of covered employee payroll	13.58%	13.75%	14.44%	13.38%	13.65%	14.20%	14.54%

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

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective OPERS net pension liability:							
As a percentage	0.25561%	0.24700%	0.24895%	0.24546%	0.24041%	0.24594%	0.25480%
Amount	\$36,434,011	\$47,862,255	\$67,669,540	\$37,898,902	\$54,375,842	\$42,408,738	\$30,631,908
College's covered payroll	\$42,469,977	\$38,669,533	\$36,862,111	\$35,162,517	\$34,035,381	\$34,200,224	\$35,928,988
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered-employee payroll	85.79%	123.77%	183.57%	107.78%	159.76%	124.00%	85.26%
OPERS fiduciary net position as a percentage of the total pension liability	87.21%	82.44%	74.91%	84.85%	77.39%	81.19%	86.53%

Schedule of College's Pension Contributions - OPERS

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$5,698,269	\$5,515,205	\$5,350,294	\$5,132,581	\$4,877,063	\$4,783,467	\$4,883,767
Contributions in relation to the actuarially determined contractually required contribution	\$5,698,269	\$5,515,205	\$5,350,294	\$5,132,581	\$4,877,063	\$4,763,754	\$4,666,770
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$19,713	\$216,997
Covered payroll	\$42,369,430	\$42,469,977	\$38,669,533	\$36,862,111	\$35,162,517	\$34,035,381	\$34,200,224
Contributions as a percentage of covered employee payroll	13.45%	12.99%	13.84%	13.92%	13.87%	14.00%	13.65%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years ended June 30, 2021 and 2020

Changes to Benefit Terms: There were no changes in benefit terms affecting the STRS and OPERS plans.

Changes of Assumptions (STRS): During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

Changes of Assumptions (OPERS): During the plan year ended December 31, 2018, the discount rate was reduced from 7.50 percent to 7.20 percent.

During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years ended June 30, 2021 and 2020

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

	2021	2020	2019	2018
College's proportion of the collective STRS net OPEB (asset) liability:				
As a percentage	0.32056%	0.34761%	0.35438%	0.34452%
Amount	(\$5,634,000)	(\$5,757,266)	(\$5,694,000)	\$13,441,724
College's covered payroll	\$41,538,937	\$39,062,517	\$39,633,414	\$38,126,183
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered-employee payroll	-13.56%	-14.74%	-14.37%	35.26%
STRS fiduciary net position as a percentage of the total OPEB liability	182.10%	174.70%	176.00%	47.11%

Schedule of College's OPEB Contributions - STRS

	2021	2020	2019	2018
Statutorily required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the actuarially determined contractually required contribution	\$0	\$0	\$0	\$0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$39,885,908	\$41,538,937	\$39,062,517	\$39,633,414
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

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

	2021	2020	2019	2018
College's proportion of the collective OPERS net OPEB liability:				
As a percentage	0.26913%	0.26075%	0.26348%	0.25883%
Amount	(\$4,794,766)	\$36,016,901	\$34,351,051	\$28,107,032
College's covered payroll	\$42,469,977	\$38,669,533	\$36,862,111	\$35,162,517
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered-employee payroll	-11.29%	93.14%	93.19%	79.93%
OPERS fiduciary net position as a percentage of the total OPEB liability	115.57%	47.80%	46.33%	54.14%

Schedule of College's OPEB Contributions - OPERS

	2021	2020	2019	2018
Statutorily required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the actuarially determined contractually required contribution	\$0	\$0	\$0	\$0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$42,369,430	\$42,469,977	\$38,669,533	\$36,862,111
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years ended June 30, 2021 and 2020

Changes to Benefit Terms: There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2020 and December 31, 2020, respectively.

Changes of Assumptions (STRS): During the plan year ended June 30, 2018, there were changes to several assumptions for STRS. The health care cost trend rates decreased from 6.00 percent to 11.00 percent initial and 4.50 percent ultimate for plan year ended June 30, 2017, to (5.23) percent to 9.62 percent initial and 4 percent ultimate for plan year ended June 30, 2018. The discount rate increased from a blended rate between the long-term expected rate of return and a 20-year municipal bond rate of 4.13 percent to the investment rate of return of 7.45 percent based on the cash flow analysis.

Changes of Assumptions (OPERS): During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.5 percent initial and 3.50 percent ultimate to 8.50 percent initial to 3.50 percent ultimate. The discount rate was reduced from 3.16 percent to 6.00 percent.

During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.00 percent initial and 3.25 percent ultimate to 10.50 percent initial and 3.50 percent ultimate. The discount rate was reduced from 3.96 percent to 3.16 percent.

SUPPLEMENTARY INFORMATION

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*

Independent Auditor's Report

To Management and the Board of Trustees
Sinclair Community College

We have audited, 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, the financial statements of Sinclair Community College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise College's basic financial statements, and have issued our report thereon dated December 15, 2021.

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.

Compliance and Other Matters

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

To Management and the Board of Trustees
Sinclair Community College

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.

Plante & Moran, PLLC

December 15, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on Compliance for Each Major Federal Program

We have audited Sinclair Community College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021.

To the Board of Trustees
Sinclair Community College

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Plante & Moran, PLLC

December 15, 2021

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster - U.S. Department of Education:				
Federal Supplemental Education Opportunity Grant Program	84.007	N/A	\$ -	\$ 757,223
Federal Work-Study Program	84.033	N/A	-	34,098
Federal Pell Grant Program	84.063	N/A	-	18,275,916
Federal Direct Student Loans	84.268	N/A	-	17,480,183
Total Student Financial Assistance Cluster			-	36,547,420
Trio Cluster - U.S. Department of Education:				
Trio Upward Bound	84.047A	N/A	-	676,922
Trio Student Support Services	84.042A	N/A	-	295,823
Trio Talent Search Program	84.044A	N/A	-	516,180
Total Trio Cluster			-	1,488,925
Research and Development Cluster - National Science Foundation:				
Education and Human Resources	47.076	N/A	-	3,570
Education and Human Resources	47.076	N/A	-	1,236
Education and Human Resources	47.076	N/A	-	162,840
Education and Human Resources	47.076	N/A	-	339,725
Education and Human Resources	47.076	N/A	-	38,365
Education and Human Resources	47.076	N/A	-	41,583
Education and Human Resources	47.076	N/A	-	51,271
Education and Human Resources	47.076	N/A	37,118	203,061
Education and Human Resources	47.076	N/A	14,406	143,261
Education and Human Resources - Pass-through Education Development Center, Inc.	47.076	11947	-	600
Education and Human Resources - Pass-through Tennessee Technological University	47.076	BL77101569	-	3,135
Education and Human Resources - Pass-through Collin County Community College District	47.076	216007-SCC	-	14,638
Education and Human Resources - Pass-through Education Development Center, Inc.	47.076	12422	-	4,879
Education and Human Resources - Pass-through The Ohio State University	47.076	60067276-SCC	-	47,843
Education and Human Resources - Pass-through Riverside Community College District	47.076	C-0005504	-	85,747
Total Research and Development Cluster			51,524	1,141,754
Other programs:				
Department of Defense:				
Basic and Applied Scientific Research - Pass-through Lorain County Community College	12.300	N/A	-	55,191
DOD, NDEP, DOTC-STEM Education Outreach Implementation - Pass-through Building Engineering & Science Talent	12.560	888-19-22-01	-	18,526
Total Department of Defense			-	73,717
Department of Justice - Bulletproof Vest Partnership Program	16.607	N/A	-	3,261

See notes to schedule of
expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other programs (continued):				
Department of Labor:				
Apprenticeship USA Grants - Pass-through James A. Rhodes State College	17.285	N/A	\$ -	\$ 38,812
Apprenticeship USA Grants - Pass-through Ohio Department of Job and Family Services	17.285	G-2021-15-0296	-	2,555
Total Department of Labor			-	41,367
Department of Transportation:				
Air Transportation Centers of Excellence - Pass-through Kansas State University	20.109	A20-0150-S001	-	48,823
Air Transportation Centers of Excellence - Pass-through New Mexico State University	20.109	Q02114	-	47,770
Total Department of Transportation			-	96,593
Department of the Treasury:				
COVID-19: Coronavirus Relief Fund - Pass-through Ohio Department of Higher Education	21.019	N/A	-	3,119,238
COVID-19: Coronavirus Relief Fund - Mental Health Support - Pass-through Ohio Department of Higher Education	21.019	N/A	-	91,834
Total Department of the Treasury			-	3,211,072
National Endowment for the Arts - Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	N/A	-	2,415
Department of Veteran Affairs - Post-9/11 Veterans Educational Assistance	64.027	N/A	-	5,625
Department of Energy - State Energy Program - Pass-through University of Dayton	81.041	RSC19083	-	55,412
U.S. Department of Education:				
Undergraduate International Studies and Foreign Language Programs	84.016A	N/A	-	9,118
Career and Technical Education - Basic Grants to States - Pass-through Ohio Department of Education	84.048	20-C2 2005	-	604,208
Transition Programs for Students with Intellectual Disabilities into Higher Education - Pass-through The Ohio State University	84.407A	60075419	-	36,282
Child Care Access Means Parents in School	84.335A	N/A	-	294,868
Education Stabilization Fund:				
COVID-19: Higher Education Emergency Relief Fund - Student Aid	84.425E	N/A	-	2,490,178
COVID-19: Higher Education Emergency Relief Fund - Institutional Aid	84.425F	N/A	-	2,490,178
COVID-19: Higher Education Emergency Relief Fund - Student Aid	84.425E	N/A	-	3,661,154
COVID-19: Higher Education Emergency Relief Fund - Institutional Aid	84.425F	N/A	-	14,257,417
COVID-19: Higher Education Emergency Relief Fund - Strengthening Institutions	84.425M	N/A	-	765,641
COVID-19: Governors Emergency Education Relief Fund - Pass-through Ohio Department of Higher Education	84.425C	N/A	-	103,883
Total Education Stabilization Fund			-	23,768,451
Total U.S. Department of Education			-	24,712,927
Department of Health and Human Services - Temporary Assistance for Needy Families - Pass-through Montgomery County - Department of Jobs and Family Services	93.558	CE#900328, CE#000105	-	300,000
Total federal awards			\$ 51,524	\$ 67,680,488

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Sinclair Community College (the "College") under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). 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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement except for expenditures related to CFDA 21.019, Coronavirus Relief Fund (CRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of the Treasury's guidance. Pass-through entity identifying numbers are presented where available.

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

Note 3 - Adjustments and Transfers

The College carried forward \$16,448 of Federal Supplemental Education Opportunity Grant (FSEOG) Program (84.007) funds from the 2019-2020 award year, which was spent in the 2020-2021 award year. The College carried forward \$12,945 of FSEOG Program funds from the 2020-2021 award year to be spent in the 2021-2022 award year. During 2021, the College also transferred and spent \$266,461 of Federal Work-Study Program (84.033) funds in the FSEOG program.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.425C, 84.425E, 84.425F, and 84.425M	COVID-19 - Education Stabilization Fund	Unmodified
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$2,030,415

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

OHIO AUDITOR OF STATE KEITH FABER



SINCLAIR COMMUNITY COLLEGE

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/11/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov