JAMES A. RHODES STATE COLLEGE
ALLEN COUNTY

RHODES
STATE COLLEGE

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2022

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
James A. Rhodes State College
4240 Campus Drive
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the James A. Rhodes State College, Allen County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The James A. Rhodes State College is responsible for compliance with these laws and regulations.

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Columbus, Ohio

January 20, 2023

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JAMES A. RHODES STATE COLLEGE
ALLEN COUNTY
FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

James A. Rhodes State College
4240 Campus Drive
Lima, Ohio 45804

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 29, 2022, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 29, 2022

James A. Rhodes State College (College) Management's Discussion and Analysis (MD&A) presents an overview of its financial condition and assists the reader in focusing on significant financial issues for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

The College is a public, state assisted, two-year institution of higher learning. The College offers over 100 Associate degrees, majors, and certificate programs. In addition to degrees and certificates, the College provides educational opportunities through workshops, seminars, and on-site training for area businesses. The College serves a ten-county region in Northwest Ohio. James A. Rhodes State College is accredited by The Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools. The latest site visit was highly successful with the next HLC accreditation visit scheduled the year 2029.

FINANCIAL AND OTHER COLLEGE HIGHLIGHTS

The tuition rate for fiscal year 21-22 for a full-time student was $5,406 for two semesters of 15 credit hours each, or $180.19 per semester credit hour, reflecting no increase from fiscal year 20-21. The College still remains the most affordable option for higher education in our region.

Total state appropriations were $10.9 million in fiscal year 2021 and $10.8 million in fiscal year 2022. This almost stable funding situation was the result of the State of Ohio's funding model change which awarded additional funding to institutions with higher course completion rates.

In 2014, the college requested and was successful in being awarded $5 million through the Small Campus Targeted Workforce Expansion proposal to build a state-of-the-art facility in downtown Lima. This incremental $5 million (in addition to $5 million previously awarded) will help fund a total expenditure of $20.9 million for the facility and allowed for the construction of the Borra Center for Health Sciences in downtown Lima. It is an approximately 50,000 square foot facility that opened in August 2021. The Center unites secondary, post-secondary, workforce and community partners throughout the region. As the region's medical hub, this compelling and highly collaborative effort enhances the development of healthcare practitioners for greater Allen County and to its mostly rural neighboring communities extending across twenty-five (25) Ohio counties. This state-of-the art facility represents a collaborative effort between the College, the City of Lima, and businesses and organizations, to increase workforce development and in-demand job growth; expand educational opportunities for our students; drive community revitalization; enhance business development and innovation; and to provide access to healthcare to the area's underserved residents.

OVERVIEW OF THE FINANCIAL STATEMENTS

The College's basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-For Public Colleges and Universities*, as amended. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. All comments and discussions included in this MD&A relate to James A. Rhodes State College and do not relate to the James A. Rhodes State College Foundation unless specifically noted.

The three financial statements should help the reader of the annual report understand how the College's overall financial condition has changed as a result of the current year's financial activities. The financial statements will also assist the reader in evaluating the ability of the College to meet its financial obligations. The Statement of Cash Flows presents information related to both cash inflows and cash outflows and is further categorized by operating, noncapital financing and capital financing, and investing activities.

STATEMENTS OF NET POSITION

The Statement of Net Position presents financial information about the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby generally revenues and assets are recognized when the service is provided and expenses and liabilities are recognized that expenses and liabilities are recognized when incurred. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

CONDENSED FINANCIAL INFORMATION STATEMENTS OF NET POSITION (in thousands)

	2022	2021
Assets:		
Current Assets	$20,888	$19,889
Noncurrent Assets	47,205	46,461
Total Assets	68,093	66,350
Deferred Outflows of Resources	3,439	2,880
Liabilities:		
Current Liabilities	8,219	6,640
Noncurrent Liabilities	10,351	17,724
Total Liabilities	18,570	24,364
Deferred Inflows of Resources	11,318	6,420
Net Position:		
Net Investment in Capital Assets	42,262	41,820
Unrestricted	(619)	(3,375)
Total Net Position	$41,643	$38,445

As of June 30, 2022, the College's total assets were $68.1 million compared to $66.4 million in fiscal year 2021. This difference in total assets is primarily the result of an increase in cash and cash equivalents, and capital assets. Capital assets, net of accumulated depreciation, are the college's largest asset and represent 67% and 68% of total assets for fiscal years 2022 and 2021, respectively. Cash and cash equivalents are the second largest asset category at $13.8 million and $12.6 million for fiscal years 2022 and 2021, respectively. This represents 20% and 19% of the total assets for fiscal years 2022 and 2021, respectively.

Capital Assets
The total cost of capital assets was $80.0 million and $77.5 million for fiscal years 2022 and 2021, respectively. The accumulated depreciation was $34.4 million and $32.2 million for fiscal years 2022 and 2021, respectively. Depreciation expense for the fiscal years ended June 30, 2022 and 2021 were $2.2 million and $1.9 million, respectively.

Liabilities
As of June 30, 2022, the College's liabilities were $18.6 million compared to $24.4 million in fiscal year 2021. Net pension liability represents the largest portion of the liabilities, with $7.4 million in fiscal year 2022 and $14.5 million in fiscal year 2021. Bonds payable, net, $2.5 million, compared to $2.8 million for fiscal years 2022 and 2021, respectively. Bonds payable represents approximately 13% and 11% of total liabilities for fiscal years 2022 and 2021, respectively.

Net Position
Net position as of June 30, 2022, was $41.6 million compared to $38.4 million as of June 30, 2021.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The non-authoritative examples provided by the Governmental Accounting Standards Board Statement for GASB No. 35 illustrate that state appropriations should be classified as non- operating revenues. Therefore, as a result of this classification, the College reports an operating deficit prior to the addition of these appropriations as net non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)

	2022	2021
Operating Revenues:		
Student Tuition and Fees, Net	$6,783	$7,154
Federal Grants and Contracts	1,534	762
Private Student Grants and Contracts	20	6
State Grants and Contracts	473	327
Sales and Services	326	348
Other Operating Revenues	159	2,086
Total Operating Revenues	9,295	10,683
Operating Expenses:		
Educational and General	18,841	16,556
Depreciation	2,209	1,928
Total Operating Expenses	21,050	18,484
Operating Loss	(11,755)	(7,801)
Nonoperating Revenues (Expenses):		
State Appropriations	10,772	10,888
Federal Grants	2,854	2,106
Gifts	750	0
Investment Income	111	117
Interest on Capital Asset-Related Debt	(103)	(110)
Total Nonoperating Revenues (Expenses)	14,384	13,001
Other Revenue:		
Capital Contributions	568	10,979
Increase (Decrease) in Net Position	3,197	16,179
Net Position - Beginning of Year	38,446	22,267
Net Position - End of Year	$41,643	$38,446

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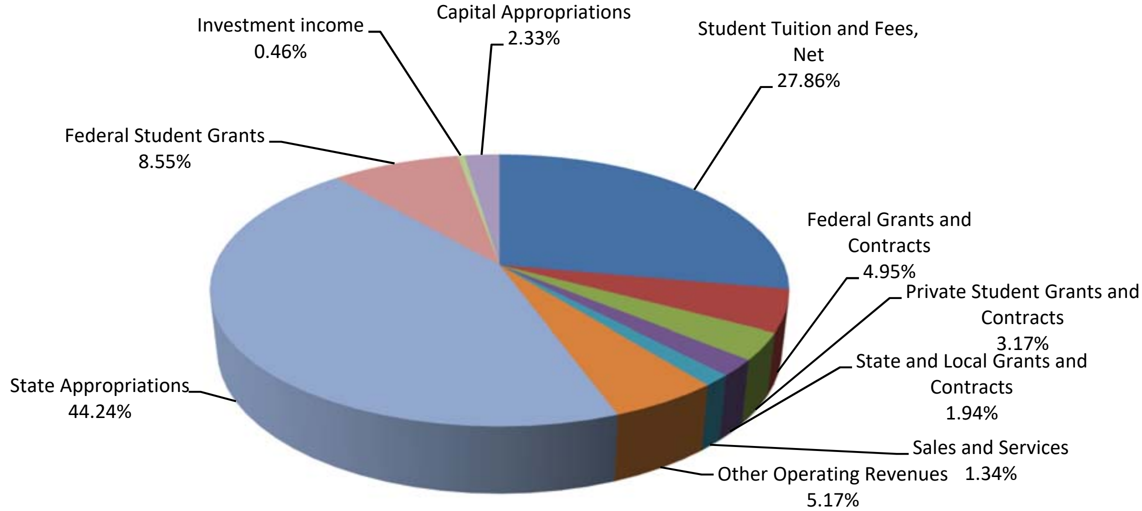
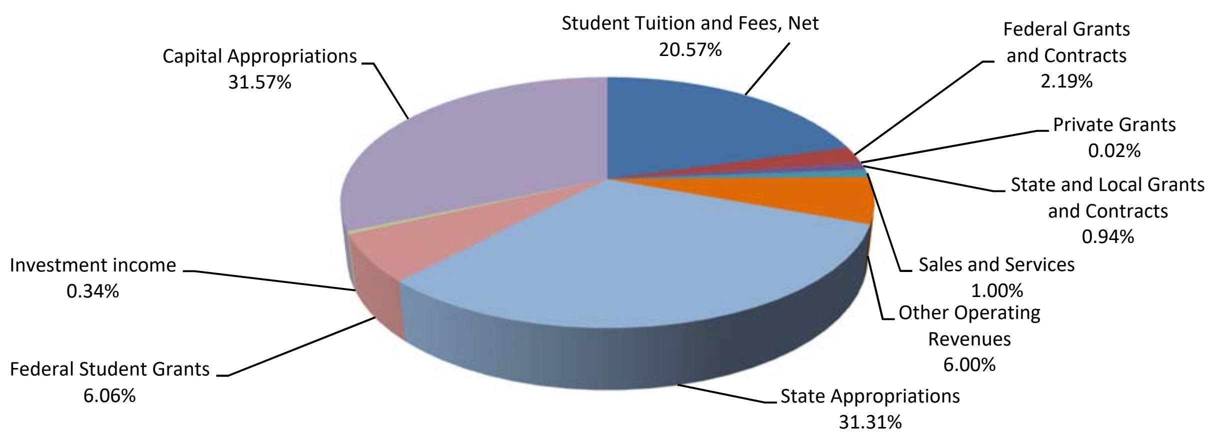
The following is a graphic illustration of revenues by source for the year ended June 30, 2022 with comparative information for 2021:

Operating and Nonoperating Revenues Fiscal Year 2022

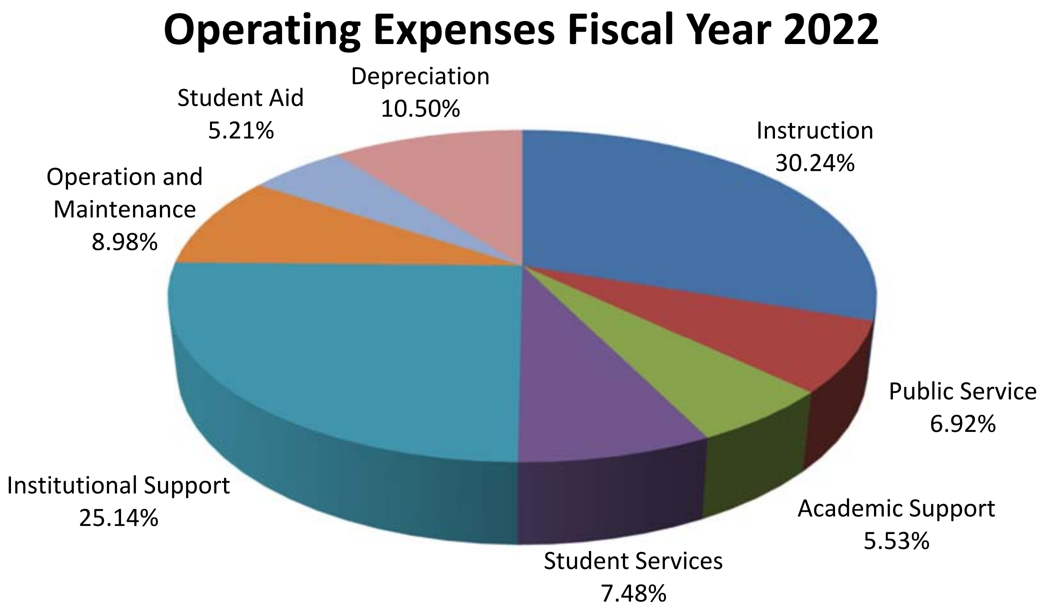


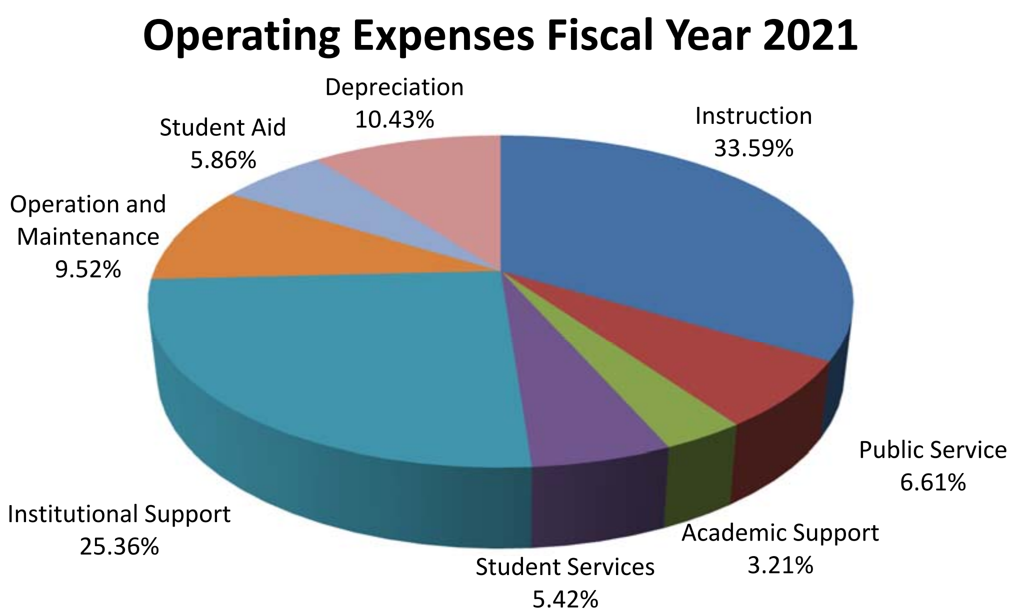
Operating and Nonoperating Revenues Fiscal Year 2021



Some of the College's largest sources of revenues are State Appropriations at 44.24%, and Student Tuition and Fees (net of scholarship allowance) at 27.86% for fiscal year 2022. Total operating and non-operating revenues were $24.3 million for fiscal year 2022 and $34.7 million for 2021 (comparative information), respectively. The large decrease is due to the receipt of Capital Appropriations for the construction on the Borra Center for Health Sciences in fiscal year 2021.

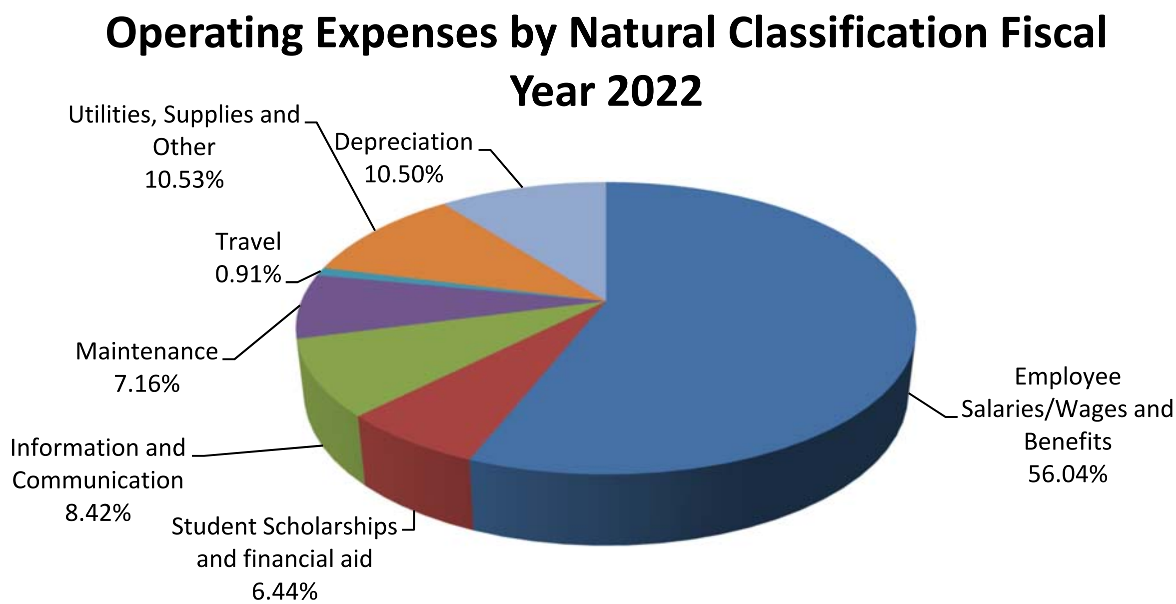
The following is a graphic illustration of expenses by function for the year ended June 30, 2022 with comparative information for 2020:

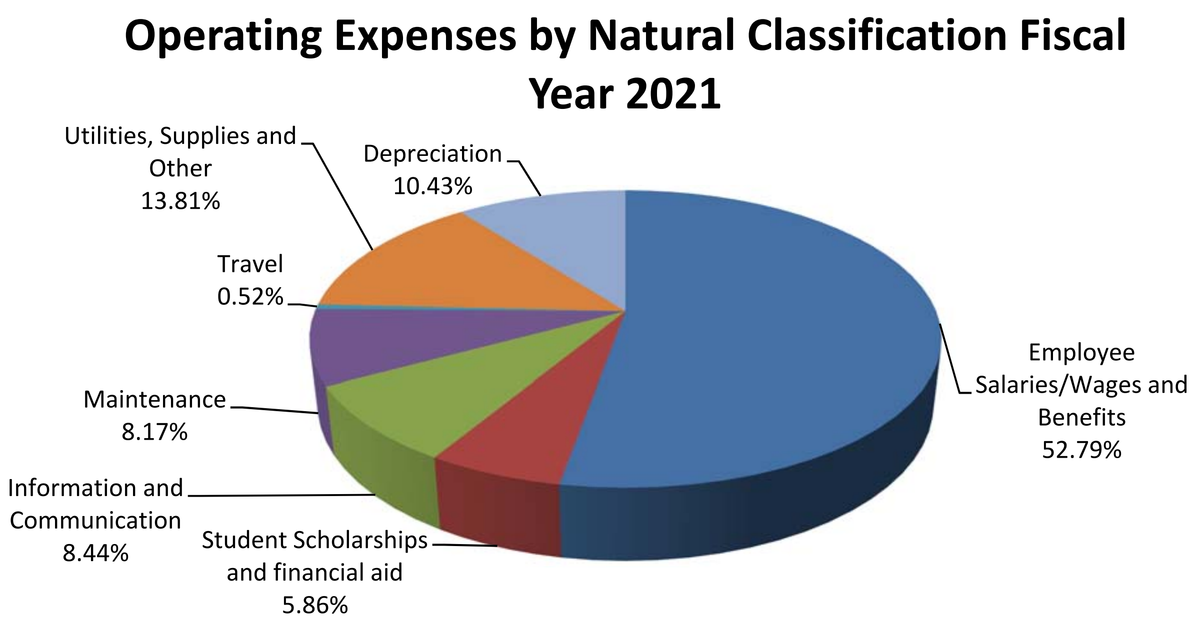




Institutional support expenses were $5.3 million and $4.7 million for fiscal year 2022 and 2021 (comparative information), respectively. Instructional expenses were $6.4 million and $6.2 million for fiscal years 2022 and 2021 (comparative information), respectively. Public service expenses were $1.5 million and $1.2 million for fiscal years 2022 and 2021 (comparative information), respectively. Academic support expenses were $1.2 million and $594 thousand for fiscal years 2022 and 2021 (comparative information), respectively. Student services expenses were $1.6 million and $1.0 million for fiscal years 2022 and 2021 (comparative information), respectively. Operation and maintenance expenses were $1.9 million and $1.8 million for fiscal years 2022 and 2021 (comparative information), respectively. Student aid expenses were $1.1 million and $1.1 million for fiscal years 2022 and 2021 (comparative information), respectively. Total operating and non-operating expenses were $21.1 million and $18.5 million for fiscal years 2022 and 2021 (comparative information), respectively. The primary reasons for the increases in operating expenses were due to the changes in net pension and OPEB liabilities/asset and related deferred outflows and inflows for GASB 68 and also GASB 75.

The following is a graphic illustration of expenses by natural classification for the year ended June 30, 2022 with comparative information for 2021:





Employee salaries/wages and benefits were the largest expense for the College at 56.0% and 52.8% of the College's total expenses for fiscal years 2022 and 2021 (comparative information), respectively. The next largest expense was depreciation, which accounted for 10.5% and 10.4% of total College expenses for fiscal years 2022 and 2021 (comparative information), respectively. Total operating expenses were $21.1 million and $18.5 million for fiscal years 2022 and 2021 (comparative information), respectively.

STATEMENTS OF CASH FLOWS

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and non-capital financing and investing activities. Cash flow is an important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they become due. The primary purpose of the statement of cash flows is to provide information about the cash receipts and cash payments of the College during the period.

The statement of cash flows also helps financial statement readers assess:

- the ability to generate future net cash flows
- the ability to meet obligations as they become due
- the need for external financing

CONDENSED STATEMENT OF CASH FLOWS (in thousands)

	2022	2021
Net Cash & Cash Equivalents Provided (Used) By:		
Operating Activities	($13,944)	($9,102)
Non-Capital Financing Activities	14,376	12,994
Capital Financing Activities	711	(4,376)
Investing Activities	111	117
Net Increase (Decrease) in Cash and Cash Equivalents	1,254	(367)
Cash and Cash Equivalents - Beginning of Year	12,608	12,975
Cash and Cash Equivalents - End of Year	$13,862	$12,608

Major sources of cash included in the operating activities were tuition and fees. Tuition and fees generated cash of $6.5 million and $7.2 million in fiscal years 2022 and 2021 (comparative information), respectively.

Major uses of cash included in the operating activities were payments to employees for wages, payments to suppliers for goods and services, including construction expenses, and payments for student aid. Payments to employees and benefits amounted to $11.8 million and $12.6 million in fiscal years 2022 and 2021 (comparative information), respectively. Payments to suppliers and utilities amounted to $9.8 million and $6.1 million in fiscal years 2022 and 2021 (comparative information), respectively. Payments for student aid amounted to $1.4 million and $1.1 million in fiscal years 2022 and 2021 (comparative information), respectively.

Federal student grants are the primary source of cash for non-capital financing activities and are used by students to finance the cost of tuition, books, and cost of living. The College received $2.8 million and $2.1 million in federal student grants in fiscal years 2022 and 2021 (comparative information), respectively. The accounting standards require the College to reflect this source of revenue as non-operating as our student's ability to pay their tuition is largely dependent upon the availability of this financing, and the College's budget depends on these funds to continue operations.

The College had $568 thousand for capital appropriation in fiscal year 2022 and $11.0 million for capital appropriation in fiscal year 2021 (comparative information). Major uses of cash included in the capital financing activities were payments for construction of the Borra Center for Health Sciences.

CAPITAL ASSETS AND DEBT

Capital Assets

The total cost of capital assets was $80.0 million and $77.5 million for fiscal years 2022 and 2021, respectively. The accumulated depreciation was $34.4 million and $32.2 million for fiscal years 2022 and 2021, respectively. Depreciation expense for the fiscal years ended June 30, 2022 and 2021 were $2.2 million and $1.9 million, respectively. A summary of net capital assets for the years ended June 30 is as follows:

	2022	2021
Land	$1,620,033	$1,620,033
Construction in Progress	117,835	16,370,210
Land Improvements	730,862	838,920
Infrastructure	37,374	39,741
Buildings and Improvements	38,110,670	21,898,487
Moveable Equipment	4,797,264	4,264,249
Library	198,920	216,472
Total Capital Assets, Net	$45,612,958	$45,248,112

During fiscal year 2022, the College had an increase in overall capital assets since current year additions being greater than current year depreciation expense. For more information on capital assets, see Note 5 to the financial statements.

Debt

Following is a discussion of the components of debt and the activity for the years ended June 30, 2022 and 2021:

2013 Series State of Ohio Bonds and Corresponding Lease by the College

During fiscal year 2013, the State of Ohio issued $4,125,000 in State Community and Technical College Facilities Bonds on behalf of the College. The Bonds are special obligations of the State and are payable solely from certain pledged receipts, principally lease payments made under a lease between the Ohio Public Facilities Commission and the College.

The purpose of the bonds was to (1) advance refund all of the outstanding principal amount of the College's General Receipts Bonds, series 2003, dated October 1, 2003 and (2) pay the costs of certain capital facilities, specifically the Keese Hall multi-purpose center, to be leased to the College. The proceeds were also used to pay costs incidental to the issuance and sale of the Bonds which amounted to $74,375. This was expensed in accordance with professional standards.

Although the bond holders will be paid semi-annually by the State Treasurer, the College is required to make lease payments to the Ohio Public Facilities Commission on a monthly basis. The Lease between the College and the State requires that the lease payments from the College be sufficient to pay the debt service on the bonds, certain administrative costs of the Treasurer and any additional amounts required to be paid into the applicable Rebate Fund. The Treasurer has pledged these lease payments in accordance with the Trust Agreement to pay the bondholders. The College's pledged receipts are from the appropriations made to it by the State. If the State appropriations are insufficient and the College is unable to pay the lease payments from other sources the State will advance the amounts to cover the lease payments to the College.

The 2013 Series issuance consists of $2,185,000 in Series Bonds with expirations annually until 2025, a $660,000 Term 1 coupon bond maturing 2028, and a $1,280,000 Term 2 coupon bond maturing 2033. The Series bonds ranged from $140,000 to $205,000 principal and have an average coupon of 3.8%. The Term 1 coupon bonds carry an interest rate of 3.375% and the Term 2 coupon bonds carry an interest rate of 3.750%. The $2,185,000 of Series Bonds was sold at a premium and lowered the total interest cost of the issuance. The effective interest rate of the issuance of 3.36% is the rate that the College will incur on the Lease to the State.

The College has the option to prepay amounts required by the lease on any date on or after December 1, 2023 at 100% of the principal amount redeemed plus accrued interest. For more information on debt, see Note 7 to the financial statements.

CONCLUDING THOUGHTS

James A. Rhodes State College is well positioned to meet the needs of the people and communities we serve. With employment recovering in the region, the College is able to grow our Workforce and Economic Development services, supporting state initiatives, and making West Central Ohio an increasingly attractive place to live, learn, and do business. We were proud to announce the opening of The Borra Center for Health Sciences located in downtown Lima, with classes starting session 0in August 2021. This facility represents a collaborative effort between the College, the City of Lima, along with other businesses and organizations. The Center will drive community revitalization; enhance business development and innovation; and provide access to healthcare to the area's residents.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

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

Russell M. Litke

Vice President of Finance and Business
4240 Campus Drive Lima, Ohio 45804
419-995-8342

James A. Rhodes State College
Statement of Net Position
June 30, 2022

	COLLEGE	*FOUNDATION*
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$13,862,718	$950,353
Investments	0	4,509,854
Accounts Receivable (net of allowance of $2,816,520)	7,025,133	0
Pledges Receivable, Net	0	1,318,851
Loans Receivable, Net	0	26,009
Prepaid Expenses	0	0
TOTAL CURRENT ASSETS	20,887,851	6,805,067
NONCURRENT ASSETS:		
Capital Assets (net of accumulated depreciation)	45,495,123	0
Construction in Progress	117,835	0
Net OPEB Asset	1,591,548	0
TOTAL NONCURRENT ASSETS	47,204,506	0
TOTAL ASSETS	68,092,357	6,805,067
Deferred Outflows of Resources		
Pension	3,276,175	0
OPEB	162,822	0
Total Assets and Deferred Outflows of Resources	$71,531,354	$6,805,067
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts Payable, Net	$1,134,772	$9,107
Line of Credit	3,000,000	0
Current Portion of Bonds Payable	180,000	0
Current Portion of Compensated Absences	165,055	0
Accrued Liabilities	564,695	172,775
Unearned Revenue	3,174,828	0
TOTAL CURRENT LIABILITIES	8,219,350	181,882
NONCURRENT LIABILITIES:		
Bonds Payable, Net	2,514,586	0
Compensated Absences	479,206	0
Net Pension Liability	7,356,976	0
Net OPEB Liability	0	0
TOTAL NONCURRENT LIABILITIES	10,350,768	0
TOTAL LIABILITIES	18,570,118	181,882
Deferred Inflows of Resources		
Intergovernmental	938,472	0
Pension	8,479,763	0
OPEB	1,899,786	0
Total Liabilities and Deferred Inflows of Resources	29,888,139	181,882
NET POSITION:		
Net Investment in Capital Assets	42,261,978	0
Restricted for:		
Nonexpendable scholarships	0	3,675,380
Expendable scholarships	0	2,799,367
Unrestricted	(618,762)	148,438
TOTAL NET POSITION	$41,643,216	$6,623,185

See accompanying notes to the financial statements.

James A. Rhodes State College
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ending June 30, 2022

	COLLEGE	*FOUNDATION*
REVENUES		
Operating Revenues:		
Student Tuition and Fees		
(net of scholarship allowance $1,184,938)	$6,782,981	$0
Federal Grants and Contracts	1,533,584	0
State and Local Grants and Contracts	473,470	0
Private grants and contracts	20,940	2,829,232
Sales and Services	325,544	0
Other Operating Revenues	159,264	0
Total operating revenues	9,295,783	2,829,232
EXPENSES		
Operating Expenses:		
Educational and General:		
Instruction	6,365,399	0
Public Service	1,456,940	0
Academic Support	1,163,840	2,804
Student Services	1,574,465	0
Institutional Support	5,292,287	66,538
Operation and Maintenance	1,890,996	0
Student Aid	1,097,236	3,286,417
Depreciation	2,209,241	0
Total operating expenses	21,050,404	3,355,759
Operating (loss)	(11,754,621)	(526,527)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	10,772,360	0
Federal Grants	2,853,830	0
Gifts	750,000	0
Investment income (net of investment expense)	111,204	(596,506)
Interest on capital asset-related debt	(103,075)	0
Net Nonoperating Revenues (Expenses)	14,384,319	(596,506)
Income (Loss) Before Other Revenues	2,629,698	(1,123,033)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES		
Capital Appropriations	567,774	0
Total other revenues	567,774	0
Increase (decrease) in net position	3,197,472	(1,123,033)
NET POSITION		
Net Position, Beginning of Year	38,445,744	7,746,217
Net Position, End of Year	$41,643,216	$6,623,184

See accompanying notes to the financial statements.

James A. Rhodes State College
Statement of Cash Flows
For the Year Ended June 30, 2022

	COLLEGE	***FOUNDATION***
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$6,513,843	$0
Grants and contracts	2,027,994	4,089,766
Payments to suppliers and utilities	(9,817,604)	(78,451)
Payments to employees and benefits	(11,797,181)	0
Payments for student aid	(1,356,110)	(3,286,417)
Sales and services	325,544	0
Other receipts	159,264	0
Net cash provided (used) by operating activities	(13,944,250)	724,898
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	10,772,360	0
Federal student grants	2,853,830	0
Gifts and grants for other than capital purposes	750,000	0
Student loan receipts	2,151,107	0
Student loan disbursements	(2,151,107)	0
Net cash provided (used) by noncapital financing activities	14,376,190	0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital appropriations	567,774	0
Principal paid on bonds payable	(179,841)	0
Interest paid on bonds payable	(103,075)	0
Proceeds from line of credit	3,000,000	
Purchases of capital assets	(2,574,088)	0
Net cash provided (used) by capital financing activities	710,770	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land held for College	0	0
Net (purchase)/sale of investments	0	(253,827)
Interest on investments	111,204	92,780
Net cash provided (used) by investing activities	111,204	(161,047)
NET INCREASE (DECREASE) IN CASH	1,253,914	563,851
Cash and cash equivalents - beginning of year	12,608,804	386,502
Cash and cash equivalents - end of year	$13,862,718	$950,353
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	($11,754,621)	($526,527)
Adjustments to reconcile net operating income (loss) to net cash used by operating activities:		
Depreciation expense	2,209,241	0
Increase (decrease) in assets and deferred outflows, and liabilities and deferred inflows:		
(Increase) Decrease in accounts receivable, net	253,731	(9,454)
(Increase) Decrease in pledges receivable, net	0	1,316,216
(Increase) Decrease in COVID fund draws less expenses and encumbrances	0	0
(Increase) Decrease in prepaid expenses	1,528	0
(Increase) Decrease in net OPEB asset	(378,608)	0
(Increase) Decrease in deferred outflows of resources	(559,458)	0
Increase (Decrease) in accounts payable	(2,182,683)	(57,020)
Increase (Decrease) in accrued liabilities	262,193	1,683
Increase (Decrease) in unearned revenues	502,540	0
Increase (Decrease) in compensated absences	0	0
Increase (Decrease) in deferred inflows of resources	4,897,955	0
Increase (Decrease) in net pension liability	(7,196,068)	0
Increase (Decrease) in net OPEB liability	0	0
Net cash provided (used) by operating activitities	($13,944,250)	$724,898

See accompanying notes to the financial statements.

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

James A. Rhodes State College (the "College") is a public, state-assisted institution of higher education. The College was chartered by the Ohio Board of Regents in 1971 as a political subdivision in accordance with the provisions of Chapter 3357 of the Ohio Revised Code. The College was originally called Allen County Technical Institute. In June 2002, the College officially changed its name to James A. Rhodes State College. The College is not a component unit of the State of Ohio, and therefore, is not included in its Annual Comprehensive Financial Report (ACFR).

The College provides degree granting career education programs, non-credit workforce development, and consulting for business and industry. The College prepares students for entry into careers, develops the regional workforce through credit and non-credit occupational training, and offers curricular programs that prepare students for transfer completion baccalaureate programs at selected colleges and universities.

The College operates under the control of a seven-member board of trustees. The board of trustees are responsible for oversight of academic programs, budgets, general administration and employment of faculty and staff.

The College is exempt from income taxes as a political subdivision under federal income tax laws and regulations of the Internal Revenue Service.

Component units are legally separate organizations for which the College is financially accountable for or for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financials to be misleading or incomplete.

The College's financial statements include the financial data of its component unit, the James A. Rhodes State College Foundation (the "Foundation"). The Foundation is a legally separate, not-for-profit organization incorporated and operated exclusively for the benefit of the College. It is presented as a discrete component unit in the accompanying financial statements in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*. The Foundation reports under FASB standards and as such certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Foundation is the sole member of a not-for-profit LLC, the Rhodes State College Foundation Lima, LLC (RSCF Lima LLC), an entity formed to purchase, sell or lease real estate for the College. It was formed in November, 2013. The RSCF LLC is consolidated in the financial statements of the Foundation. During the fiscal year ended June 30, 2022, the Foundation distributed $170,652 for scholarships and $3,860 for College academic programs. Complete financial statements for the Foundation may be obtained from the Office of Institutional Advancement at 4240 Campus Drive, Lima, OH 45804.

B. Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as prescribed by the GASB. The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 (as amended). The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

C. Basis of Accounting

The accompanying financial statements have been prepared by the College as a special-purpose government entity engaged in business type activities. For purposes of financial reporting, GASB Statement 35 defines business type activities as those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and on the accrual basis of accounting. Revenues are recognized when earned. Expenses are recognized when incurred. Interfund receivables and payables have been eliminated in the Statement of Net Position.

D. Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents represent cash held in safe, cash on deposit in banks, and cash invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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, "Certain External Investment Pools and Pool Participants." The College measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

As of year end, STAR Ohio held federal agency debentures and discount notes, commercial paper, bank deposits, and money market funds. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on the balance sheet date.

E. Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. The College had no assets characterized as investment as of June 30, 2022

The Foundation carries its investments at fair value. Since all of its investments are in its endowment fund, investment income gains and losses are classified as temporarily restricted until they are appropriated for expenditure in accordance with Ohio's UPMIFA.

F. Accounts Receivable

Accounts receivable consists primarily of amounts owed to the College for tuition and fees charged to students and amounts owed to the College by other governments. Accounts receivable is recorded net of estimated uncollectible amounts. The College regularly evaluates its tuition receivable for collectability and provides for an allowance for bad debts when deemed necessary.

G. Appropriations Receivable

Appropriations receivable include amounts due from the State of Ohio for completed capital projects. The College had no appropriations receivable at June 30, 2022.

H. Capital Assets

Capital assets are stated at cost at the date of acquisition or, in the case of gifts, at acquisition value at the date of gift. Equipment, furniture, and infrastructure items costing $5,000 or more and having an estimated useful life of greater than one year are capitalized. All library books that have a useful life of more than one year are capitalized regardless of cost. Renovations to buildings, land improvements, and newly constructed buildings with a cost of $50,000 or more are capitalized. Routine repairs and maintenance and items costing less than the capitalization thresholds are charged to operating expense in the year in which the expense is incurred.

Classification	Years
Buildings and Improvements	10 – 50
Land Improvements	10 – 20
Infrastructure	10 – 25
Moveable Equipment	5 – 20
Library Books	10

I. Unearned Tuition and Fees

Unearned Revenue is principally comprised of receipts relating to tuition and fees received in advance of the sessions that are primarily or fully conducted in the next accounting period. The College recognizes this revenue in the fiscal year that the sessions are predominately conducted.

J. Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Regular full-time College employees are entitled to accrue sick leave benefits and vacation leave. Employees are eligible to accrue up to 15 days per year of sick leave, prorated accordingly in the case of part-time employees. Accumulation of sick leave benefits is unlimited. Upon retiring from active employment after ten or more years with a State of Ohio agency, an employee may elect to be paid in cash for one-fourth of the accrued balance but not to exceed 240 hours (30 days). The College calculates the compensated absences liability based on one-fourth of the unused sick leave balances up to a maximum accrual of 240 hours (30 days).

Regular full-time College employees are entitled to accrue vacation leave at varying rates depending on level of responsibility in the position and years of service, prorated accordingly in the case of part-time employees. Employees may accumulate vacation leave up to a maximum of 240 hours (30 days). Any vacation leave in excess of 240 hours (30 days) as of July 1 of each year is eliminated from the vacation leave balance. In the case of termination from the College, unused vacation leave up to 240 hours (30 days) will be paid to the employee, or to the next of kin or estate in the case of death. The College calculates the compensated absences liability based on the unused vacation balances up to a maximum accrual of 240 hours (30 days).

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/ expenditure) until then. For the College, deferred outflows of resources are reported on the Statement of Net Position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension/OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include pension, OPEB and intergovernmental. Deferred inflows of resources related to pension, OPEB and intergovernmental are reported on the Statement of Net Position. The deferred inflows of resources related to pension/OPEB are explained in Notes 10 and 11.

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Net Position Classification

In accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the College's resources are classified as follows:

> *Net Investment in Capital Assets* – comprised of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvements of those assets.
>
> *Restricted* – represents funds that the College is legally or contractually obligated to spend in accordance with externally imposed restrictions, such as student loans or sponsored projects.
>
> *Unrestricted* – represents funds that are not subject to restrictions. Unrestricted net position may be designated for specific purposes by the board of trustees.

The College first applies restricted resources when an expense is incurred for purposes when both restricted and unrestricted net position are available.

N. Operating Revenues and Expenses

The College presents its revenues and expenses as operating or non-operating based on recognition definitions per GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trusts Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Pell grants received for student financial assistance are considered non-operating revenues because they are a source of funding for the college's students. Other grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the college. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered non-operating since these are investing, capital, or noncapital financial activities. Revenues received from the state as capital appropriations are included in Other Revenues, Expenses, Gains and Losses. The College received $567,774 in revenues for capital financing activities for the fiscal year ended June 30, 2022.

O. Scholarship Allowances
Student tuition and fees revenue is reported net of scholarship allowances in the accompanying State of Revenues, Expenses, and Changes in Net Position.

The scholarship allowance represents the difference between actual charges for goods and services provided by the College and the amount that is paid by the student or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as operating or non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount and allowance.

P. Budgetary Process
Annually, the Business Office develops a balanced budget for the College based on projected expenditures from department directors and anticipated revenue, including tuition and fees and the subsidy from the Ohio Board of Regents. The Board of Trustees approves the budget.

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

R. Subsequent Events
The College has evaluated subsequent events through the date of the Independent Auditor's report, which is the date the financial statements were issued.

NOTE 2 – GASB Pronouncements

The College implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. It 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 leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation did not impact amounts in the financial statements.

NOTE 3 – Cash, Cash Equivalents, and Investments

State statutes classify monies held by the College into three categories.

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the College treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing no more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the College can be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAR Ohio and STAR Plus); and

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Fair Value Measurements
Statement No. 72 of the Government Accounting Standards Board ("GASB") Fair Value Measurements and Application, set forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the College has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the College's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the College's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the College's management. College management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment with the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to College management's perceived risk of that investment.

Cash on Hand
At June 30, 2022, the College had $300 cash on hand, held in safe, which is reported as part of cash and cash equivalents on the Statement of Net Position.

Deposits
Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits and that of its component unit may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the FDIC or by any other agency or instrumentality of the federal government. The policy both for the College and its component unit for deposits requires any balance not covered by depository insurance to be collateralized by the financial institution with eligible pledged securities.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and as amended by GASB Statement No. 59, *Financial Instruments Omnibus*.
The following summarizes the value of investments at June 30:

Investments			
Accounts	2022	Fair Value Hierarchy	Weighted Average Maturity (Years)
STAR Ohio	$4,414,688	N/A	0.15
Huntington Bank *	94,586	N/A	0.15
Total Cash	$4,509,274		
Portfolio Weighted Average Maturity			0.15

*-Invested in STAR Ohio through Huntington Bank

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. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the College's recurring fair value measurements as of June 30, 2022. STAR Ohio is reported at its share price (Net Asset value per share).

Custodial Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2022, the College had 100% of its investments in STAR Ohio.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Ohio Revised Code limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase. STAR Ohio is an investment pool managed by the Treasurer of the State of Ohio. STAR Ohio has obtained an AAAm rating, which is Standard & Poor's highest investment rating for a Local Government Investment Pool.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2022, $9,305,787 of the College's bank balance of $9,805,787 was exposed to custodial credit risk because it was uninsured and collateralized. The College's financial institution was approved for a reduced collateral rate through the Ohio Pooled Collateral System.

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

> Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4 – Accounts Receivable

The following is a summary of the accounts receivable as of June 30:

	2022
Tuition and fees	8,332,633
Less allowance for uncollectible accounts	(2,816,520)
Net tuition and fees	5,516,113
Governmental Entities	196,341
Other	1,312,679
Accounts Receivable, net	7,025,133

All receivables are expected to be collected in full within one year except certain tuition and fees receivables and a receivable from a government entity. An allowance for uncollectible accounts has been established based upon prior collection experience.

NOTE 5 – Capital Assets

Capital asset activity for the years ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Sales/Other Disposals	Ending Balance
Non-depreciable capital assets:				
Construction in progress	$16,370,210	$0	$16,252,375	$117,835
Land	1,620,033	0	0	1,620,033
Total non-depreciable assets	17,990,243	0	16,252,375	1,737,868
Depreciable captial assets:				
Land Improvements	1,967,308	0	0	1,967,308
Infrastructure	192,633	0	0	192,633
Building & Improvements	41,880,744	17,346,774	0	59,227,518
Moveable Equipment	13,826,949	1,453,242		15,280,191
Library Books	1,594,409	26,447	0	1,620,856
Total depreciable assets	59,462,043	18,826,463	0	78,288,506
Less Accumulated Depreciation:				
Land Improvements	1,128,388	108,058	0	1,236,446
Infrastructure	152,892	2,367	0	155,259
Buildings & Improvements	19,982,257	1,134,591	0	21,116,848
Moveable Equipment	9,562,700	920,228	0	10,482,928
Library Books	1,377,939	43,998	0	1,421,937
Total accumulated depreciation	32,204,176	2,209,242	0	34,413,418
Total depreciable assets, net	27,257,867	16,617,221	0	43,875,088
Total capital assets, net	$45,248,110	$16,617,221	$16,252,375	$45,612,956

NOTE 6 – Accrued Liabilities

Accrued liabilities consist of the following as of June 30:

	2022
Accrued wages	$505,576
Accrued benefits payable	59,119
Total	**$564,695**

NOTE 7 – Long-Term Obligations

Changes in long-term obligations of the College during fiscal years 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Special Obligation Bonds:					
Series 2013 Variable Rate Bonds 3.375-3.75%	$2,893,870	$0	($172,622)	$2,721,248	$180,000
Premium on Bonds	88,232	0	(7,219)	81,013	7,219
Total Special Obligation Bonds	2,982,102	0	(179,841)	2,802,261	187,219
Other Long-Term Obligations;					
Compensated absences	536,586	23,001	(23,001)	536,586	165,055
Net Pension Liability					
STRS	11,345,966		(5,959,023)	5,386,943	0
OPERS	3,207,078	0	(1,237,045)	1,970,033	0
Net OPEB Liability					
STRS	0	0	0	0	
OPERS	0	0	0	0	0
Total long-term liabilities	$18,071,732	$23,001	($7,398,910)	$10,695,823	$352,274

2013 Series State of Ohio Bonds and Corresponding Lease by the College
During fiscal year 2013, the State of Ohio issued $4,125,000 in State Community and Technical College Facilities Bonds on behalf of the College. The Bonds are special obligations of the State and are payable solely from certain pledged receipts, these loan payments are made under an agreement between the Ohio Public Facilities Commission and the College.

The purpose of the bonds was to (1) advance refund all of the outstanding principal amount of the College's General Receipts Bonds, series 2003, dated October 1, 2003 and (2) pay the costs of certain capital facilities to the College. The proceeds were also used to pay costs incidental to the issuance and sale of the Bonds which amounted to $74,375.

Although the bond holders will be paid semiannually by the State, the College is required to make loan payments to the State which corresponds to the amounts due bonds on a monthly basis. The College is making loan payments to the Ohio Public Facilities Commission. The agreement between the College and the State requires loan payments from the College sufficient to pay the debt service on the bonds, certain administrative costs of the Treasurer and any additional amounts required to be paid into the applicable Rebate Fund. The Treasurer has pledged these payments in accordance with the Trust Agreement to pay the bondholders.

The Bonds carry an interest rate of 3.375% for the portion of the bonds maturing December 1, 2028 and 3.750% for the portion of the bonds maturing December 1, 2033. The effective yield for those bonds is 3.55% and 3.9%, as the bonds were issued with $145,982 premium. This is the rate that the College will pay on the loan to the State.

The College's pledged receipts are from the appropriations made to it by the State. If the State appropriations are insufficient and the College is unable to pay the loan payments from other sources the State will advance the amounts to cover the loan payments to the College.

The College has the option to prepay amounts required by the agreement on any date on or after December 1, 2023 at 100% of the principal amount redeemed plus accrued interest.

The debt service on the loan payable associated with the State's 2013 Series bonds follows:

Fiscal Year	Principal	Interest
2023	$180,000	$97,676
2024	190,000	90,276
2025	200,000	82,476
2026	205,000	74,376
2027	215,000	66,647
2028-2032	1,180,000	204,291
2033-2034	551,248	30,938
Total	$2,721,248	$646,680

NOTE 8 – Line of Credit

The College financing agreement with JPMorgan Chase Bank provides a maximum borrowing capacity of $5,000,000. The financing agreement renews from year to year on May 20, unless it is terminated as set forth in the agreement. The amount borrowed and outstanding at year end is $3,000,000. The amount outstanding under the agreement bears interest using the Bank Index Rate.

NOTE 9 - State Support

James A. Rhodes State College is a state-assisted institution of higher education which receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available.

The State of Ohio provides funding for the construction and renovation of major plant facilities on the College campus by issuing revenue bonds through the Ohio Public Facilities Commission. As the projects are complete, the Ohio Board of Regents transfers title to the College and the assets are capitalized. However, the debt remains an obligation of the State of Ohio, which funds the debt service through its appropriations to the Board of Regents.

The College facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of the State of Ohio. If sufficient monies are not available from this fund, the Ohio Board of Regents may assess a special fee uniformly applicable in state-assisted institutions of higher education throughout the state. There were no fees assessed in 2022.

Outstanding debt issued by the Ohio Public Facilities Commission is not included on the College's Statement of Net Position. In addition, the appropriations by the Ohio General Assembly to the Ohio Board of Regents for payment of debt service are not shown as appropriation revenue received by the College and the related debt service payments are not recorded as expenses of the College.

NOTE 10 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the College's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.
Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description
The College's employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. College employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan. Effective January 1, 2022 the Combined Plan is no longer available for member selection.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan was consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option is no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-employment Health Care Benefits	0.00
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's contractually required contributions to OPERS was $547,789 for fiscal year 2022.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0.00% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.00% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy
Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14.00% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The College's contractually required contributions to STRS was $792,362 for fiscal year 2022.

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

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

	OPERS	STRS	Total
Proportionate Share of the Net Pension Liability	$1,970,033	$5,386,943	$7,356,976
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02264300%	0.04213191%	
Prior Measurement Date	0.02165800%	0.04689105%	
Change in Proportionate Share	0.00098500%	-0.00475914%	
Pension Expense	($52,062)	($1,168,728)	($1,220,790)

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

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$100,429	$166,431	$266,860
Changes of assumptions	246,351	1,494,435	1,740,786
Changes in employer proportionate share of net pension liability	202,274	0	202,274
Contributions subsequent to the measurement date	273,895	792,362	1,066,257
Total Deferred Outflows of Resources	$822,949	$2,453,228	$3,276,177
Deferred Inflows of Resources			
Differences between expected and actual experience	$43,208	$33,765	$76,973
Net difference between projected and actual earnings on pension plan investments	2,343,282	4,642,514	6,985,796
Changes in employer proportionate share of net pension liability	0	1,416,993	1,416,993
Total Deferred Inflows of Resources	$2,386,490	$6,093,272	$8,479,762

$1,066,257 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement dates will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	OPERS	STRS	Total
2023	($142,614)	($1,283,175)	($1,425,789)
2024	(771,059)	(1,037,313)	(1,808,372)
2025	(551,000)	(983,947)	(1,534,947)
2026	(372,763)	(1,127,971)	(1,500,734)
Total	($1,837,436)	($4,432,406)	($6,269,842)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	6.90% (7.20% prior measurement date)
Wage Inflation	2.75% (3.25% prior measurement date)
Projected Salary Increases	2.75% to 10.75%, includes wage inflation (3.25% to 10.75%, includes wage inflation, prior measurement date)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, simple
Post-January 7, 2013 Retirees	3.00%, simple through 2022, then 2.05%, simple (0.50%, simple through 2021, then 2.15%, simple, prior measurement date)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00%	3.78%
Real Estate	11.00%	3.66%
Private Equity	12.00%	7.43%
International Equities	23.00%	4.88%
Risk Parity	5.00%	2.92%
Other Investments	4.00%	2.85%
Total	100.00%	4.21%

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability (asset)	$5,194,078	$1,970,033	($712,802)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.45% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.45%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021, and was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.45%
Proportionate share of the net pension liability	$10,087,729	$5,386,943	$1,414,790

Changes Between the Measurement Date and the Reporting date
In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 11 - Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description
OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy
The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar years 2021 and 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For calendar years 2020 through 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for calendar years 2020 through 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The College's contractually required contributions to OPERS was $0 and $0 for fiscal year 2022.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy
Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the fiscal years ended June 30, 2022 and 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

	OPERS	STRS	Total
Proportionate Share of the Net OPEB (Asset)	($703,231)	($888,317)	($1,591,548)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02245200%	0.04213191%	
Prior Measurement Date	0.02182500%	0.04689105%	
Change in Proportionate Share	0.00062700%	-0.00475914%	
OPEB Expense	($509,864)	($165,374)	($675,238)

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

	OPERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$0	$31,631	$31,631
Changes of assumptions	0	56,742	56,742
Changes in employer proportionate share of net OPEB liability	74,450	0	74,450
Total Deferred Outflows of Resources	$74,450	$88,373	$162,823
Deferred Inflows of Resources			
Differences between expected and actual experience	$106,669	$162,756	$269,425
Changes of assumptions	284,660	529,947	814,607
Net difference between projected and actual earnings on OPEB plan investments	335,251	246,226	581,477
Changes in employer proportionate share of net OPEB liability	0	234,277	234,277
Total Deferred Inflows of Resources	$726,580	$1,173,206	$1,899,786

No amount is reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as an adjustment to net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	OPERS	STRS	Total
2023	($378,530)	($345,966)	($724,496)
2024	(152,202)	(339,804)	(492,006)
2025	(73,251)	(256,747)	(329,998)
2026	(48,147)	(106,894)	(155,041)
2027	0	(35,832)	(35,832)
Thereafter	0	410	410
Total	($652,130)	($1,084,833)	($1,736,963)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The actuarial valuation used the following key actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Cost Method	Individual Entry Age
Wage Inflation	2.75% (3.25% prior measurement date)
Projected Salary	2.75% to 10.75% (3.25% to 10.75% prior measurement date) (including wage inflation at 2.75%)
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate:	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
Real Estate Investment Trusts	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	7.00%	1.93%
Total	100.00%	3.45%

Discount Rate
A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of

1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

The following table presents the net OPEB liability or asset calculated using the single discount rate of 6.00%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

June 30, 2022	1% Decrease 5.00%	Single Discount Rate 6.00%	1% Increase 7.00%
Proportionate share of the net OPEB (asset)	($413,566)	($703,231)	($943,658)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

June 30, 2022	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB (asset)	($710,830)	($703,231)	($694,216)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.45%
Health Care Cost Trends:		
Medical		
Pre-Medicare	5.00% initial, 4.00% ultimate	5.00% initial, 4.00% ultimate
Medicare	-16.18% initial, 4.00% ultimate	-6.69% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	6.50% initial, 4.00% ultimate	6.50% initial, 4.00% ultimate
Medicare	29.98% initial, 4.00% ultimate	11.87% initial, 4.00% ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

Discount Rate
The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021, and was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB liability as of June 30, 2021.

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

June 30, 2022	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	($749,602)	($888,317)	($1,004,192)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	($999,497)	($888,317)	($750,832)

Changes Between the Measurement Date and the Reporting date
In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

NOTE 12 – Risk Management -Property and Liability

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of property; errors and omissions; injuries to third parties; automobile damage; and commercial crime. As a risk transfer technique, the College contracted with various insurance underwriters in the current fiscal year for specific types of insurance.

Insurance policies in place during fiscal year 2022 include the following:

Description of Coverage	Insurance Carrier	Liability
"All Risk" Property	The Travelers Indemnity Company	$1,000,000,000
General Liability	Munich Re (Wright Speciality)	1,000,000
Limited Professional Liability	Munich Re (Wright Speciality)	1,000,000
Automobile	Munich Re (Wright Speciality)	1,000,000
Educators Legal Liability	Munich Re (Wright Speciality)	1,000,000
Crime	Munich Re (Wright Speciality)	1,000,000
1st Excess Liability	United Educators	15,000,000 excess 1,000,000
1st Excess Educators Legal Liability	United Educators	15,000,000 excess 1,000,000
Cyber Liability Breach Response	Llyod's via CFC	2,000,000

NOTE 13 - Cost Share Agreement

According to the cost sharing agreement entered into as of July 1, 1971 between The Ohio State University-Lima Campus (the "University") and the College, the College reimburses the University for costs incurred in the following areas: academic instruction, library, student services, student activities, institutional support, plant operation and community educational services. The College and the University incur ongoing expenses that approximate each institution's share of the total expense. At the end of each quarter, both institutions complete summaries of their actual incurred expenses and a payment is made to the University or College based on estimated costs using formulas as prescribed in the cost sharing agreement. The total cost of shared services, net of shared income, was $3,125,854 for the fiscal year ended June 30, 2022. The majority of the expenditures were incurred for plant operations. Based upon the various formulas, the College's share was 57% of the total expenses, net of total shared income, for the fiscal year ending June 30, 2022.

NOTE 14 – Operating Expenses by Natural Classification

The College's operating expenses by natural classification for the years ended June 30, 2022 was as follows:

	2022
Salaries and wages	$ 11,390,424
Employee benefits	406,757
Supplies	1,266,596
Travel	190,685
Information and communication	1,771,740
Maintenance	1,507,921
Utilities	164,414
Student scholarships and financial aid	1,356,110
Other	786,516
Depreciation	2,209,241
Total operating expenses	**$ 21,050,405**

NOTE 15 – Contingencies

The Foundation, a component unit, receives funding from donors that may have restrictions placed upon it. Failure to comply with these restrictions could result in a liability of the Foundation and ultimately the College. Management believes that it is in compliance with all restrictions placed on funding by donors.

The College received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed costs resulting from such audits could become a liability of the College. However, in the opinion of management, any such disallowed costs will not have a material adverse effect on the overall financial position of the College at June 30, 2022.

NOTE 16 - Component Unit Disclosures

The James A. Rhode State College Foundation (Foundation) is a legally separate, tax-exempt component unit of James A. Rhodes State College (College).

The accompanying financial statements of the Foundation have been prepared in accordance with pronouncements of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) No. 958 *Not-For-Profit Entities*. Under ASC No. 958 the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions
Net assets that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

With Donor Restrictions
Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received.

Net Assets with Donor Restrictions – time/purpose restricted are available for the following purposes:

Gifts and Other Donations Available for:	
Schell Foundation Loan Fund	$44,448
Instructional Programs	124,888
Capital Projects	1,973,870
Scholarships	1,532,174
Total Gifts and Other Donations	$3,675,380

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

Instructional Programs	$8,068
Scholarships, Other	3,281,153
Total Gifts and Other Donations	$3,289,221

Donor-restricted funds of a permanent nature consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships.

These endowment funds are available for the following purposes:

Scholarships, Other	$2,799,367

Cash and Cash Equivalents
For the purpose of the statement of cash flows, the Foundation considers cash in the bank, time deposits, and highly liquid investments with maturities of three months or less when purchased to be cash or cash equivalents.

The Foundation maintains cash balances at one institution. The Federal Deposit Insurance Corporation (FDIC) insures cash deposits maintained in interest-bearing accounts at a bank up to $250,000. At June 30, 2022, the cash balance of $923,967 was maintained by the Foundation were fully insured. RSCF Lima, LLC maintains cash balances at two institutions. At June 30, 2021, RSCF Lima, LLC, maintained a cash balance of $26,386. Management believes that its cash deposits are not subject to significant risk.

Investments
Investments are reported at fair value based on quoted market prices for identical assets that are actively traded (Level 1) and quoted market prices for similar assets or identical assets that are not actively traded, or priced based on other observable inputs (Level 2). At June 30, 2022, investments consisted of common stocks, and equity and bond mutual funds.

Fair Value Measurements
Professional literature defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). It establishes a hierarchy for purposes of disclosure that prioritizes the inputs to valuation techniques used to measure fair value into three levels.

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2022, and the valuation techniques used by the Foundation to determine those fair values.

1. Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets.

2. Fair values categorized as Level 2 inputs use other inputs that are observable, either directly or indirectly. The equity and bond funds included in Level 2 at June 30, 2022 are valued using market techniques which include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

3. Fair values categorized as Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. There were no Level 3 investments at June 30, 2022.

The Foundation’s recognizes transfers between levels as the end of the reporting period.

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Fair Value Measurements at June 30, 2022

Description	Level 1	Level 2	Total
Common Stock Types:			
ETF-International	$355,792	$0	$355,792
ETF-Mid Cap	219,323	0	219,323
ETF-Small Cap	247,062	0	247,062
Telcomm	133,761	0	133,761
Consumer Discret	158,083	0	158,083
Consumer Staples	100,333	0	100,333
Information Technology	378,316	0	378,316
Real Estate	41,320	0	41,320
Energies	61,478	0	61,478
Utilities	50,078	0	50,078
Industrials	120,864	0	120,864
Financials	155,372	0	155,372
Health Care	230,085	0	230,085
Materials	36,289	0	36,289
Business/Consumer Services	0	0	0
Real Estate/Construction	0	0	0
Total Common Stock	2,288,156	0	2,288,156
Equity Fund Types:			
Mutual Fund	0	320,998	320,998
Commodity funds	0	69,683	69,683
Equity Class I Fund	0	168,054	168,054
Institutional Class Fund	0	361,409	361,409
Index funds	0	166,107	166,107
Total Equity Fund	0	1,086,251	1,086,251
Bond Fund Types:			
Other Bond Funds	0	1,135,447	1,135,447
Total Equity Fund	0	1,135,447	1,135,447
Total Investments	$2,288,156	$2,221,698	$4,509,854

Endowments
The Foundation's endowment consists of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported per state law based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors of the Foundation has interpreted the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as perpetual in nature is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. General economic conditions
2. The possible effect of inflation and deflation
3. The tax consequences of investment decisions
4. The role each investment or course of action plays within the overall investment portfolio of the fund
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The need of the institution and of the fund to make distributions and to preserve capital
8. An asset's special relationship or special value, if any, to the charitable purposes of the institution

Endowment Net Asset Composition by Type of Fund as June 30, 2022:

Description	Time/Purpose Restriction	Perpetual Restriction	Total
Donor Restricted	$3,675,380	$2,799,367	$6,474,747

Endowment Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related donor amounts restricted as to time or purpose are reported in unrestricted net assets. The Foundation did not have a deficiency in the endowment fund as of June 30, 2022.

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor- specified period(s), as well as board-designated funds. Under this policy, approved by the Board of Directors, the endowment assets are invested to manage the contributions in a manner that will maximize the benefit intended by the donor, produce current income to support the programs of the College and donor objectives, and achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. The long term annualized total net rate of return objective is inflation plus five percent. Investment objectives will be achieved by maximizing total return consistent with prudent risk limits. Actual returns in any given year may vary from this amount.

To satisfy its long term net rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy
Ohio law states that the appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of an endowment fund calculated on the basis of fair market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made creates a rebuttable presumption of imprudence. For an endowment fund in existence for fewer than three years, the fair market value of the endowment fund must be calculated for the period that the fund has been in existence.

The Foundation has elected to distribute annually five percent of a trailing three-year average of the Foundation's total asset value. The Foundation believes that such a policy should allow for steady growth for the support of operations and minimize the probability of invading the principal over time. The Investment Committee reviews the spending policy periodically against actual returns in order to consider adjustments necessary for the preservation of the purchasing power of the endowment.

Programmatic Investments – Charles E. Schell Foundation Grant Program
The Charles E. Schell Foundation Grant/Loan Program Fund is an interest-free loan that is made available through the generosity of the Charles E. Schell Foundation as administered by the Fifth Third Bank. This loan is non-interest bearing and carries a moral obligation repayment clause. It is to be used for the educational benefits of citizens of Ohio, Kentucky, and West Virginia. To qualify, James A. Rhodes State College students need to meet specific requirements.

The minimum loan is $500 and the maximum loan is $2,500. Students are to repay these loans at no interest beginning six months after graduation. The Foundation collected $0 in student repayments in fiscal year 2021. The Foundation does not pursue collections on these loans. Because these are programmatic investments, the amounts are classified as operating in the statement of cash flows.

Loans Receivable is recorded net of estimated uncollectible amounts. The Foundation regularly evaluates its loans receivable for collectability and provides for an allowance for bad debts when deemed necessary.

Lima Community Foundation
Three separate scholarship funds are held by The Lima Community Foundation: The John J. and Martha M. Hudson Scholarship Fund (formerly the John J. Hudson Fund), the James J. Countryman Scholarship Fund, and the Thomas R. and Gloria P. Leech Scholarship Fund (originally the Thomas R. Leech Memorial Scholarship Fund). All three funds were established to award scholarships to students attending James A. Rhodes State College. The Lima Community Foundation owns all three funds and manages them according to their investment policy. Since the donors contributed the amounts to the Community Foundation and the Community Foundation has variance power, these amounts are not recorded on the financial statements of the Foundation. Scholarship money transferred from the Lima Community Foundation is recognized as revenue when awarded by the Community Foundation.

RSCF Lima, LLC

On November 13, 2013, the creation of RSCF Lima, LLC was done for the purpose of purchasing, selling or leasing real estate to the College. A Board of Directors and Officers operate RSCF Lima, LLC. The LLC's initial project will be to develop the Rhodes State College Center for Health Sciences Education and Innovation in downtown Lima. In January 2014, the Board of Directors authorized the LLC to purchase several parcels of downtown properties comprised of land and buildings owned by Tri-C Enterprises and pay any and all expenses and fees related to the completion of this acquisition. There are additional properties yet to be acquired. Purchased properties are reflected in the Consolidated Statements of Financial Position as Property Held for College. On May 6, 2020 the board resolved to dissolve the RSCF, LLC, resolution 2020-12. The bank requires that the account still remain open and at year end this is still ongoing. This balance is the only thing on the Statement of Financial Position for RSCF, LLC. Any activity is simply bank charges.

James A. Rhodes State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1) (2)

Year	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.04213191%	$5,386,943	$5,388,943	99.96%	87.78%
2021	0.04689105%	11,345,966	5,753,157	197.21%	75.48%
2020	0.04886802%	10,806,869	5,700,271	189.59%	77.40%
2019	0.05171663%	11,371,326	5,672,957	200.45%	77.31%
2018	0.05509193%	13,087,206	5,864,029	223.18%	75.30%
2017	0.06546499%	21,913,105	7,521,521	291.34%	66.80%
2016	0.07209133%	19,923,935	7,487,107	266.11%	72.10%
2015	0.07483742%	18,203,050	7,646,315	238.06%	74.70%
2014	0.07483742%	21,683,355	7,291,992	297.36%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the College's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of College's Contributions for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	College's Contractually Required Contribution	College's Contributions in Relation to the Contractually Required Contributions	College's Contribution Deficiency (Excess)	College's Covered Payroll	College's Contributions as a Percentage of Covered Payroll
2022	$792,362	($792,362)	$0	$5,659,729	14.00%
2021	754,452	(754,452)	0	5,388,943	14.00%
2020	805,442	(805,442)	0	5,753,157	14.00%
2019	798,038	(798,038)	0	5,700,271	14.00%
2018	794,214	(794,214)	0	5,672,957	14.00%
2017	820,964	(820,964)	0	5,864,029	14.00%
2016	1,053,013	(1,053,013)	0	7,521,521	14.00%
2015	1,048,195	(1,048,195)	0	7,487,107	14.00%
2014	994,021	(994,021)	0	7,646,315	13.00%
2013	947,959	(947,959)	0	7,291,992	13.00%

See accompanying notes to the required supplementary information.

Schedule of the College's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Nine Fiscal Years (1) (2)

Year	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.02264300%	$1,970,033	$1,778,543	110.77%	92.62%
2021	0.02165800%	3,207,078	1,783,357	179.83%	86.88%
2020	0.01992400%	3,938,114	1,654,267	238.06%	82.17%
2019	0.02056000%	5,630,967	2,697,941	208.71%	74.70%
2018	0.02276000%	3,570,603	4,951,030	72.12%	84.66%
2017	0.02775400%	6,302,461	5,541,120	113.74%	77.25%
2016	0.02904800%	5,031,404	5,650,980	89.04%	81.08%
2015	0.03035900%	3,661,635	5,889,070	62.18%	86.45%
2014	0.03035900%	3,578,931	5,811,540	61.58%	86.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the College's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of College's Contributions for Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Fiscal Years

Year	College's Contractually Required Contribution	College's Contributions in Relation to the Contractually Required Contributions	College's Contribution Deficiency (Excess)	College's Covered Payroll	College's Contributions as a Percentage of Covered Payroll
2022	$273,895	($273,895)	$0	$1,956,393	14.00%
2021	248,996	(248,996)	0	1,778,543	14.00%
2020	249,670	(249,670)	0	1,783,357	14.00%
2019	223,326	(223,326)	0	1,654,267	13.50%
2018	364,222	(364,222)	0	2,697,941	13.50%
2017	495,103	(495,103)	0	4,951,030	10.00%
2016	554,112	(554,112)	0	5,541,120	10.00%
2015	565,098	(565,098)	0	5,650,980	10.00%
2014	588,907	(588,907)	0	5,889,070	10.00%
2013	581,154	(581,154)	0	5,811,540	10.00%

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1) (2)

Year	College's Proportion of the Net OPEB Asset/Liability	College's Proportionate Share of the Net OPEB (Asset)/Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2022	0.04213191%	($888,317)	$5,388,943	(16.48%)	174.73%
2021	0.04689105%	(824,110)	5,753,157	(14.32%)	182.13%
2020	0.04886802%	(809,372)	5,700,271	(14.20%)	174.74%
2019	0.05171663%	(831,033)	5,672,957	(14.65%)	176.00%
2018	0.05509193%	2,149,484	5,864,029	36.66%	47.10%
2017	0.06546499%	3,501,085	7,521,521	46.55%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the College's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of College's Contributions for Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

Year	College's Contractually Required Contribution	College's Contributions in Relation to the Contractually Required Contributions	College's Contribution Deficiency (Excess)	College's Covered Payroll	College's Contributions as a Percentage of Covered Payroll
2022	$0	$0	$0	$5,659,729	0.00%
2021	0	0	0	5,388,943	0.00%
2020	0	0	0	5,753,157	0.00%
2019	0	0	0	5,700,271	0.00%
2018	0	0	0	5,672,957	0.00%
2017	0	0	0	5,864,029	0.00%
2016	0	0	0	7,521,521	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Six Fiscal Years (1) (2)

Year	College's Proportion of the Net OPEB Asset/Liability	College's Proportionate Share of the Net OPEB (Asset)/Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2022	0.02245200%	($703,231)	$1,778,543	(39.54%)	128.23%
2021	0.02182500%	(388,830)	1,783,357	(21.80%)	115.57%
2020	0.01987300%	2,744,978	1,654,267	165.93%	47.80%
2019	0.02030900%	2,647,814	2,734,919	96.82%	46.33%
2018	0.02202000%	2,391,210	5,009,363	47.73%	54.14%
2017	0.02752000%	2,779,613	5,728,120	48.53%	54.05%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the College's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

James A. Rhodes State College
Required Supplementary Information
Schedule of College's Contributions for Net OPEB Liability
Ohio Public Employees Retirement System
Last Seven Fiscal Years (1)

Year	College's Contractually Required Contribution	College's Contributions in Relation to the Contractually Required Contributions	College's Contribution Deficiency (Excess)	College's Covered Payroll	College's Contributions as a Percentage of Covered Payroll
2022	$0	$0	$0	$1,956,393	0.00%
2021	0	0	0	1,778,543	0.00%
2020	0	0	0	1,783,357	0.00%
2019	0	0	0	1,654,267	0.00%
2018	17,904	(17,904)	0	2,734,919	0.65%
2017	34,712	(34,712)	0	5,009,363	0.69%
2016	39,641	(39,641)	0	5,728,120	0.69%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2019-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Ohio Public Employees Retirement System (OPERS)

Changes in Benefit Terms:
2014-2022: There were no changes in benefit terms for this period.

Changes in Assumptions:
2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

(1) Reduced the investment rate of return assumption from 7.20% to 6.90%,
(2) Reduced the Wage Inflation from 3.25% to 2.75%, and
(3) Changing the future salary increases from a range of 3.25%-10.05% to 2.75%-10.75%.

2020-2021: There were no changes in assumptions from the amounts reported for these fiscal years.

2019: The investment rate of return decreased from 7.5 percent to 7.2 percent.

2018: There were no changes in assumptions since the prior measurement date.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

(1) Reduction in the actuarially assumed rate of return from 8.00% down to 7.50%,
(2) For defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, and
(3) Changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for

Note 2 - Net OPEB (Asset)/Liability

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:
2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately $0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately $0.04 billion. The assumption changes included changes in healthcare costs and trends.

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

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

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

Ohio Public Employees Retirement System (OPERS)

Changes in Benefit Terms:
2021-2022: There were no changes in benefit terms for this period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2018-2019: There were no changes in benefit terms for the period.

Changes in Assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Wage inflation changed from 3.25 percent to 2.75 percent,
- Projected salary changed from 3.25 percent-10.75 percent to 2.75 percent-10.75 percent,
- The municipal bond rate decreased from 2.00 percent to 1.84 percent, and
- The initial health care cost trend rate decreased from 8.5 percent to 5.5 percent.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent,
- The municipal bond rate decreased from 2.75 percent to 2.00 percent, and
- The initial health care cost trend rate decreased from 10.5 percent to 8.5 percent.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent,
- The municipal bond rate decreased from 3.71 percent to 2.75 percent, and
- The initial health care cost trend rate increased from 10.0 percent to 10.5 percent.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent,
- The investment rate of return decreased from 6.5 percent to 6 percent,
- The municipal bond rate increased from 3.31 percent to 3.71 percent, and
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

2018: The single discount rate changed from 4.23 percent to 3.85 percent.

JAMES A. RHODES STATE COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

	Assistance Listing Number	Pass through Entity Identifying Number	Expenditures
U.S. Department of Education			
Direct Awards			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ 67,864
Federal Work Study Program	84.033	N/A	32,812
Federal Pell Grant Program	84.063	N/A	1,977,281
Federal Direct Student Loans	84.268	N/A	1,995,581
Total Student Financial Assistance Cluster			4,073,538
COVID 19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	N/A	1,534,529
COVID 19 Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	N/A	1,114,813
Total Education Stabilization Fund			2,649,342
Passed through the Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048	3L90	150,288
Total U.S. Department of Education			6,873,168
U.S. Department of Defense			
Direct Awards			
Procurement Technical Assistance for Business Firms	12.002	N/A	77,398
Total U.S. Department of Defense			77,398
U.S. Department of Housing and Urban Development			
Passed Through the City of Lima, Ohio			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	N/A	3,910
Total CDBG - Entitlement Grants Cluster			3,910
Total U.S. Department of Housing and Urban Development			3,910
U.S. Department of Labor			
Passed Through Ohio Department of Job and Family Services			
Apprenticeship USA Grants	17.285	AP-30104-16-60-A-39	235,309
Total U.S. Department of Labor			235,309
Small Business Administration			
Passed Through Ohio Department of Development			
Small Business Development Centers	59.037	DEVFR036, DEVFRSC13	183,830
Total Small Business Administration			183,830
U.S. Department of the Treasury			
Passed Through Ohio Board of Regents			
COVID-19 Coronavirus Relief Fund	21.019	5CV1	2,843
Total U.S. Department of the Treasury			2,843
Total Expenditures of Federal Awards			$ 7,376,458

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

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the College's financial statements. The College did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2 – Federal Direct Student Loan Program

The College is a direct lender for the Federal Direct Student Loan program. The following represents direct loans originated and disbursed during fiscal year 2022:

Assistance Listing Number	Program Name	Amount
84.268	Federal Subsidized Loans	$ 831,235
84.268	Federal Unsubsidized Loans	$ 1,158,842
84.268	Federal Plus Loans	$ 5,504
	Total Federal Direct Student Loans	$ 1,995,581

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

James A. Rhodes State College
4240 Campus Drive
Lima, Ohio 45804

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the James A. Rhodes State College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

James A. Rhodes State College
4240 Campus Drive
Lima, Ohio 45804

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 29, 2022

JAMES A. RHODES STATE COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant Deficiency(s) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant Deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
Education Stabilization Fund: HEERF-Student Aid Portion ALN 84.425E HEERF-Institutional Portion ALN 84.425F	
Dollar threshold used to distinguish between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

JAMES A. RHODES STATE COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022

Summary of Prior Audit Findings:

None Noted.

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OHIO AUDITOR OF STATE
KEITH FABER

JAMES A. RHODES STATE COLLEGE

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/2/2023

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