CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

RIO GRANDE COMMUNITY COLLEGE
GALLIA COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Rio Grande Community College
PO Box 326
Rio Grande, Ohio 45674

We have reviewed the *Independent Auditors' Report* of the Rio Grande Community College, Gallia County, prepared by Clark, Schaefer, Hackett & Co., 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 Rio Grande Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2022

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rio Grande Community 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS 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 the College's pension and OPEB amounts and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of the Board of Trustees but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 2, 2022

The discussion and analysis of Rio Grande Community College's financial statements provide an overview of the College's financial activities for the fiscal year ended June 30, 2022. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this report
The following activities are included in the financial statements:

Primary Institution (College) – All of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.

Management's discussion and analysis is focused on the College. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to present the College's financial position as of a point in time. The Statement of Revenues, Expenses, and Changes in Net Position focus on the change in net position over the year to indicate whether there has been improvement or erosion of the College's financial health.

Financial highlights
The College's financial position improved during fiscal year ended June 30, 2022. During the fiscal year ended June 30, 2022, the College's total revenues exceeded total expenses creating an increase in net position of $777,882 (compared to a $956,202 increase reported in the previous fiscal year). This increase in net position was due primarily to increased revenues from capital appropriations and grants in addition to annual GASB 68 and 75 adjustments, as noted in the following analysis. Additionally, operating expenses increased due to additional instructional services contract payments to the University of Rio Grande (the "University") during the fiscal year.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position
One of the most important questions asked about the College's finances is, "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's Net Position and the changes that occur in them during the year. You can think of the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's Net Position are one indicator of whether its financial health is improving or deteriorating.

You will need to consider many other nonfinancial factors, such as the trend in College recruiting, student retention, condition of the buildings and campus, new buildings in off-campus locations opened during the year and the strength of the instructional services to accurately assess the overall health of the College.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

A comparative summary of the major components of the College's Net Position follows:

Net Position
As of June 30

		2022	2021
Current assets	$	9,489,166	9,463,464
Noncurrent assets:			
Capital assets (net of depreciation)		13,943,883	13,522,144
Other noncurrent assets		135,687	71,924
		23,568,736	23,057,532
Deferred outflows of resources		132,593	136,312
Current liabilities		638,226	664,410
Noncurrent liabilities		491,813	764,208
		1,130,039	1,428,618
Deferred inflows of resources		1,563,928	1,535,746
Net position:			
Investment in capital assets		13,943,883	13,522,144
Restricted to capital projects		650,508	602,362
Unrestricted		6,412,971	6,104,974
	$	21,007,362	20,229,480

Current assets increased by 0.3% from the previous fiscal year primarily due to an increase in cash and cash equivalents offset by a decrease in the related party receivables as a result of the timing of collections from and payments to the University at the end of the fiscal year.

The increase in capital assets is due primarily to current year total capital asset additions of $1,390,224 exceeding current year depreciation charges of $968,485.

Total liabilities decreased by $298,579 during the fiscal year primarily due to the calculations of the College's proportionate share of the net pension liability of the Public Employee Retirement System (OPERS). For fiscal year 2022, the net pension liability decreased by $270,434 from the previous fiscal year.

The changes in deferred outflows and inflows of resources are due to the overall changes of the net pension liability and the net OPEB asset reported by OPERS at December 31, 2021 reported for fiscal year 2022.

Net OPEB Asset/Liability

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, the College is required to recognize its proportionate share of the OPEB liability/asset and to more comprehensively measure the annual costs of its postemployment benefits other than pensions. The net OPEB asset is the College's proportionate share of the of the net OPEB asset related to its participation in the OPERS. At June 30, 2022, the College recognized a net OPEB asset of $135,687. In addition, the College recognized deferred inflows of resources of $140,192 and deferred outflows of resources of $12,411 at June 30, 2022. See Note 10 to the financial statements for more detailed information on OPEB plans.

Net Pension Liability

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the College is required to recognize its proportionate share of the net pension liability and to more comprehensively measure the annual costs of pension benefits. The net pension liability is the College's proportionate share of the of the net pension liability related to its participation in the OPERS. At June 30, 2022, the College recognized a net pension liability of $356,822. In addition, the College recognized deferred inflows of resources of $442,365 and deferred outflows of resources of $120,182 at June 30, 2022. See Note 9 to the financial statements for more detailed information on pensions.

Net Position

The increase in net position was primarily due to an increase of $685,209 reported in additional capital appropriations and grants during fiscal year 2022 than fiscal year 2021.

A comparative summary of the College's revenues, expenses and changes in net position follows:

Operating Results
For the Year Ended June 30

		2022	2021
Operating revenues:			
Student tuition	$	6,656,085	6,856,737
State grants		214,882	295,454
Auxiliary enterprises		2,215,955	2,206,357
Other		70,479	38,361
Total operating revenues		9,157,401	9,396,909
Operating expenses:			
Educational and general:			
Instructional support		14,334,712	13,870,077
Institutional support		1,314,168	1,240,820
Depreciation		968,485	949,972
Total operating expenses		16,617,365	16,060,869
Operating loss		(7,459,964)	(6,663,960)
Nonoperating revenues (expenses):			
State appropriations		5,627,649	5,619,833
Property taxes		1,166,309	1,010,642
Federal grants and contracts		32,451	248,500
Investment income		4,714	20,168
Other nonoperating expenses		(31,648)	(32,143)
Total nonoperating revenues (expenses)		6,799,475	6,867,000
Income (loss) before other revenues		(660,489)	203,040
Capital appropriations and grants		1,438,371	753,162
Change in net position		777,882	956,202
Net position - beginning of year		20,229,480	19,273,278
Net position - end of year	$	21,007,362	20,229,480

Operating revenues
Operating revenues include all operating transactions of the College, including student tuition and auxiliary enterprises. In addition, certain federal and state grants are considered operating if they are not for capital purposes and are considered a contract for services.

The decrease in operating revenue of $239,508 is primarily the result of a decrease in student tuition of $200,652 due to lower enrollment of traditional students and credit hours, offset by higher enrollment of College Credit Plus students and credit hours, for which the College receives a lower tuition rate, for fiscal year 2022 than that of the prior year.

Operating expenses
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Operating expenses increased by $556,496 from the prior year. The most significant expense for the college is instructional support in the amount of $14,334,712, which consists entirely of instructional services contract payments to the University for instructional and administrative services. The instructional services payment includes 96% of all charges to community college students, including tuition, fees and auxiliary, as well as the State Share of Instruction appropriations and property tax receipts. The instructional services contract increase of $464,635 from the prior year is due an increase in State Share of Instruction appropriations and property tax receipts. The instructional services contract represents 86.3% of the College's operating expenses.

Nonoperating revenues
Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of State appropriations, local tax revenues and investment income.

State Share of Instruction appropriations increased by $7,816 (0.1%) when compared to 2021. This increase was in accordance with the State funding formula calculations and resulted from the College's number of student course and degree completions over the prior three fiscal years.

Federal grants and contracts of $32,451 represents federal grants received as a result of COVID-19 stimulus funding, from the Higher Education Emergency Relief Fund created to assist colleges and universities during the COVID-19 Global Pandemic.

Total capital appropriations and grants increased by $685,209 (91.0%) when compared with fiscal year 2021, during which the College continued the funding of the implementation of the College's ERP system, which is reported as construction in progress at year end.

Statement of Cash Flows
Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing.

A comparative summary of the College's cash flows are as follows:

Cash Flows
For the Year Ended June 30

		2022	2021
Net cash from:			
Operating activities	$	(6,451,850)	(6,731,324)
Noncapital financing activities		6,948,430	6,729,413
Capital and related financing activities		48,147	3,925
Investing activities		4,714	20,168
Change in cash and cash equivalents		549,441	22,182
Cash and cash equivalents - beginning of year		6,120,127	6,097,945
Cash and cash equivalents - end of year	$	6,669,568	6,120,127

For the year ended June 30, 2022, the net cash used by operating activities indicates that the College used more cash for instructional and administrative costs than it received from sources such as student tuition, auxiliary activities, and certain federal and State grants. These costs included the instructional contract with the University. However, this amount is offset by the net cash from noncapital financing activities and is indicative of the tremendous need that the College has for the appropriations from the State and local tax levies. The cash position of the College improved from 2021 to 2022, increasing $549,441 (9.0%).

Capital assets
At June 30, 2022, the College had $13.9 million invested in capital assets, net of accumulated depreciation of $34.6 million. Depreciation charges totaled $968,485 for the current fiscal year. A comparative summary of these assets is as follows:

Capital Assets, Net of Accumulated Depreciation
As of June 30

		2022	2021
Land and land improvements	$	1,015,580	1,024,132
Buildings		6,620,392	7,044,977
Building improvements		3,823,645	4,129,665
Equipment		1,143,436	876,427
Construction in progress		1,340,830	446,943
	$	13,943,883	13,522,144

More detailed information about the College's capital assets is presented in the notes to the basic financial statements.

Economic factors that will affect the future

The economic position of the College is closely tied to that of the State. Beginning with the fiscal year ending June 30, 2015, 100% of the funding from State Share of Instruction is based upon student course and degree completions and other student success benchmarks. State appropriations are based on the results of the College's student course and degree completions. For fiscal year 2022, the College's share of state appropriations increased by $7,816 (0.1%) when compared to 2021. This increase was in accordance with the State funding formula calculations and resulted from the College's number of student course and degree completions over the prior three fiscal years. Due to the enrollment trends over the last three fiscal years and the ongoing pandemic, the calculations of the College's share of state appropriations are expected to remain consistent over the next three fiscal years.

In addition to state appropriations and the local property tax levy, the College is heavily dependent on student tuition and fees. The state permitted the increase of tuition for the 2022-2023 academic year and accordingly the College board approved an increase in tuition in the amount of $4.84 per credit hour for the 2022-2023 year. In addition to tuition rates, the College's revenues are heavily dependent upon the number of students enrolled. Although there were enrollment decreases for the current fiscal year when compared to the prior fiscal year, current year enrollment has increased over 19% from the 2018-2019 academic year.

As described in the Note 12, the College operates through a contract with the University. As part of this contract, the College receives accreditation jointly with the University from the Higher Learning Commission. Also, the University administers the U.S. Department of Education's federal student financial aid program for the students of the College. Thus, the College's future academic offerings, operations, financial aid administration, and tuition revenues are heavily dependent on the operations of the University.

Contacting the College's financial management
This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of Rio Grande Community College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information contact Cherokee Ruby, Chief Financial Officer, at Rio Grande Community College, 218 North College Street, P.O. Box 326, Rio Grande, Ohio 45674 or call (740) 245-7236.

Current assets		
Cash and cash equivalents	$	6,669,568
Receivables:		
Tuition (less allowance for uncollectible amount of $1,012,516)		737,729
Intergovernmental		53,417
Property taxes		1,342,178
Related party		313,382
Other		271
Prepaid expenses		372,621
Total current assets		9,489,166
Noncurrent assets		
Capital assets, not being depreciated		2,236,679
Capital assets, net of depreciation		11,707,204
Net OPEB asset		135,687
Total noncurrent assets		14,079,570
Total assets		23,568,736
Deferred outflows of resources		
OPEB		12,411
Pension		120,182
Total deferred outflows of resources		132,593
Current liabilities		
Accounts payable and accrued liabilities		73,370
Unearned revenue		564,856
Total current liabilities		638,226
Noncurrent liabilities		
Compensated absences		134,991
Net pension liability		356,822
Total noncurrent liabilities		491,813
Total liabilities		1,130,039
Deferred inflows of resources		
Property tax		981,371
OPEB		140,192
Pension		442,365
Total deferred inflows of resources		1,563,928
Net position		
Investment in capital assets		13,943,883
Restricted:		
Capital projects		650,508
Unrestricted		6,412,971
Total net position	$	21,007,362

See accompanying notes to the basic financial statements.

Operating revenues:		
Student tuition and fees (less scholarship discounts and allowances of $97,627)	$	6,656,085
State grants		214,882
Auxiliary enterprises		2,215,955
Other		70,479
Total operating revenues		9,157,401
Operating expenses:		
Instructional contract expense		14,334,712
Bad debt/collection expenses		42,784
Grant expenses		132,413
Salaries		705,084
Fringe benefits		167,539
Advertising/promotions		18,954
Professional fees		35,691
Office expenses		57,377
Travel and conferences		7,171
Dues and subscriptions		33,732
Insurance		18,399
Other expenses		95,024
Depreciation		968,485
Total operating expenses		16,617,365
Operating loss		(7,459,964)
Nonoperating revenues (expenses):		
State appropriations		5,627,649
Property taxes		1,166,309
Federal grants and contracts		32,451
Investment income		4,714
Other nonoperating expenses		(31,648)
Total nonoperating revenues (expenses)		6,799,475
Loss before other revenues		(660,489)
Other revenues:		
Capital appropriations		1,190,986
Capital grants		247,385
Total other revenues		1,438,371
Change in net position		777,882
Net position - beginning of year		20,229,480
Net position - end of year	$	21,007,362

See accompanying notes to the basic financial statements.

Cash flows from operating activities:	
Tuition and fees	$ 6,870,627
Grants	196,898
Other revenue	84,788
Auxiliary enterprises	2,215,955
Contract payments to University of Rio Grande	(14,297,833)
Grant transfers to University of Rio Grande	(132,413)
Payments to employees for wages & benefits	(1,126,385)
Payments to vendors	(263,487)
Net cash used by operating activities	(6,451,850)
Cash flows from noncapital financing activities:	
State appropriations	5,627,649
Property taxes	1,127,378
Federal grants and contracts	225,051
Other nonoperating expenses	(31,648)
Net cash provided by noncapital financing activities	6,948,430
Cash flows from capital and related financing activities:	
Capital appropriations	1,190,986
Capital grants	247,385
Capital asset purchases	(1,390,224)
Net cash provided by capital and related financing activities	48,147
Cash flows from investing activities:	
Interest on investments	4,714
Change in cash and cash equivalents	549,441
Cash and cash equivalents - beginning of year	6,120,127
Cash and cash equivalents - end of year	$ 6,669,568

(continued)

See accompanying notes to the basic financial statements.

Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	(7,459,964)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		968,485
Provision for bad debts		42,784
Changes in assets and liabilities:		
Receivables:		
Tuition		(71,686)
Intergovernmental		6,066
Related party		291,223
Accounts		14,309
Prepaid expenses		36,879
Net OPEB asset		(63,763)
Deferred outflows - pension and OPEB		3,719
Accounts payable and accrued liabilities		2,861
Unearned revenue		(29,045)
Compensated absences		(1,961)
Net pension liability		(270,434)
Deferred inflows - pension and OPEB		78,677
Net cash used by operating activities	$	(6,451,850)

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the College are set forth to facilitate the understanding of data presented in the financial statements:

Entity
Rio Grande Community College (the "College") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College was formed after the creation of a community college district, as defined in Ohio Revised Code (ORC) Chapter 3354. The College is an institution of higher learning dedicated to providing the residents of the community college district with low-cost higher education in various academic and technical areas, for the purpose of gaining credit for further academic achievement. The College operates under the direction of an appointed nine-member Board of Trustees. Three members of this board are appointed by the Governor of the State of Ohio. The remaining six members are appointed by the Boards of County Commissioners within the community college district, with one from each of the four counties in the district (Meigs, Gallia, Jackson and Vinton), and two by joint action of the four counties. A president is contracted by the Board of Trustees through an agreement with the University of Rio Grande (see Note 12). An appointed Treasurer is the custodian of funds and investment officer and is also responsible for the fiscal controls of the resources of the College.

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

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

- **Investment in capital assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The College has no outstanding capital related debt as of June 30, 2022.

- **Restricted** – Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. This represents amounts for capital construction projects.

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

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

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

Cash and Investments
During fiscal year 2022, investments were limited to certificates of deposit with local institutions and interest-bearing checking accounts. The College makes investments in accordance with the Board of Trustees' policy which conforms to the authority granted in the ORC. The purchase of specific investment instruments is at the discretion of the College's Treasurer within these policy guidelines. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost, which approximates fair value.

Receivables
Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. All receivables are expected to be collected in full within one year except certain tuition and fees receivables. An allowance for doubtful accounts has been established based upon prior collection experience.

Capital Assets
Capital assets are recorded at cost or, if acquired by gift, at the acquisition value at the date of the gift. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation.

Capital asset additions and improvements with a cost in excess of $1,000 are capitalized and depreciated, except land, on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Buildings	40 years
Building Improvements	20 years
Land Improvements	20 years
Equipment	5 - 10 years

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported on the statement of net position for amounts related to pension and other postemployment benefits as explained in Notes 9 and 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include property taxes, pension, and other postemployment benefits. Property taxes at June 30, 2022 represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on the statement of net position. Deferred inflows of resources related to pension and other postemployment benefits are reported on the statement of net position as explained in Notes 9 and 10.

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net OPEB asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (“OPERS”) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. OPERS reports investments at fair value.

Compensated Absences
College employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term liabilities in the statement of net position, and as a component of operating expense in the statement of revenues, expenses, and changes in net position.

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

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

Scholarship Discounts and Allowances
Student tuition is reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf.

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

Budgetary Process
The budgetary process is prescribed by provisions of the ORC and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is established at the individual fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The key features of the budgetary process are as follows:

Tax Budget: During the Board of Trustees meeting in January, the Treasurer presents the annual tax budget for the following year to the Board for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 15, of each year, for the period July 1 to June 30 of the following year.

Estimated Resources: The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the College by April 1. As part of this certification, the College receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the College must revise its budget so that the total contemplated expenditures during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about July 1, the certificate of estimated resources is amended to include unencumbered fund balances at June 30 of the preceding year. The certificate may be further amended during the year if revenue fluctuations are anticipated.

Appropriations: A temporary appropriation ordinance to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation ordinance must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The ORC prohibits expenditures plus encumbrances from exceeding appropriations.

Lapsing of Appropriations*:* At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Adoption of New Accounting Pronouncements

For the fiscal year ended June 30, 2022, the College implemented GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 establishes criteria for the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 did not impact the College’s financial statements as the existing leases have been deemed insignificant to the financial statements by management.

GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement had no effect on beginning net position.

GASB Statement No. 92 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement had no effect on beginning net position.

GASB Statement No. 97 requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements
The College is currently evaluating the impact that the following GASB Statements, effective for fiscal year 2023, may have on its financial statements:

GASB Statement No. 91, *Conduit Debt Obligations*. This statement clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (Paragraph 11b only). This statement replaces citations of the London Interbank Offered Rate (LIBOR) with one or more acceptable benchmark reference rates.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

2. CASH AND INVESTMENTS:

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

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

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

As of June 30, 2022, the College's bank balance was $6,682,430. Of this amount, $649,808 was covered by federal depository insurance and the remaining $6,032,622 was exposed to custodial credit risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law.

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

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

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

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

3. STATE APPROPRIATIONS:

The College is a State-assisted institution of higher education that receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula determined by the State of Ohio. The College received $5,627,649 of student-based subsidy in fiscal year 2022.

In addition to the student subsidies, the State of Ohio provides funding for the construction of major academic plant facilities on the College's campuses. State funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC).

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 Department of Higher Education (ODHE) may assess a special fee uniformly applicable to students in State-assisted institutions of higher education throughout the State.

As a result of the above-described financial assistance, outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to ODHE for payment of debt service and the related debt service payments are not recorded in the College's accounts.

4. CAPITAL ASSETS:

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

Classification		Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Nondepreciable capital assets:					
Land	$	895,849	-	-	895,849
Construction in progress		446,943	893,887	-	1,340,830
Total nondepreciable capital assets		1,342,792	893,887	-	2,236,679
Depreciable capital assets:					
Land improvements		1,198,426	-	-	1,198,426
Buildings		28,606,443	-	-	28,606,443
Building improvements		10,817,160	-	-	10,817,160
Equipment		5,182,504	496,337	-	5,678,841
Total depreciable capital assets		45,804,533	496,337	-	46,300,870
Less: accumulated depreciation					
Land improvements		1,070,143	8,552	-	1,078,695
Buildings		21,561,466	424,585	-	21,986,051
Building improvements		6,687,495	306,020	-	6,993,515
Equipment		4,306,077	229,328	-	4,535,405
Total accumulated depreciation		33,625,181	968,485	-	34,593,666
Total depreciable capital assets - net		12,179,352	(472,148)	-	11,707,204
Net capital assets	$	13,522,144	421,739	-	13,943,883

Depreciation expense for the fiscal year ended June 30, 2022 was $968,485.

5. FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATIONS:

The accompanying statement of revenues, expenses and changes in net position reflect the natural expense classifications utilized by the College. Functional expense classification would be as follows for the fiscal year ended June 30, 2022:

Educational and General:		
Instructional support	$	14,334,712
Institutional support		1,314,168
Depreciation		968,485
Total	$	16,617,365

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities consists of the following at June 30, 2022:

Accounts payable	$	49,570
Payroll, fringe and other liabilities		23,800
Total	$	73,370

7. PROPERTY TAX:

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. First half tax collections are received by the College in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the various counties. Property tax revenue received during calendar year 2022 for real and public utility property taxes represents collections of calendar year 2021 taxes.

2022 real property taxes are levied after April 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after April 1, 2022 and are collected in 2022 with real property taxes.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

The assessed values upon which the fiscal year 2022 taxes were collected for the College are:

		Gallia County	Jackson County	Meigs County	Vinton County
Agricultural/Residential and Other Real Estate (2021 Valuation)	$	582,902,730	543,598,290	346,736,100	220,298,410
Public Utility Personal (2021 Valuation)		275,836,390	160,667,550	89,714,500	208,096,790
	$	858,739,120	704,265,840	436,450,600	428,395,200
Tax rate per $1,000 of Assessed Valuation		$1.00	$1.00	$1.00	$1.00

The College receives property taxes from Gallia, Jackson, Meigs, Vinton and Hocking Counties. The County Auditors can periodically advance to the College its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2022, are available to finance fiscal year 2022 operations.

The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources – property tax for that portion not levied to finance current fiscal year operations.

8. RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contract with the University of Rio Grande (see Note 12 for further details), comprehensive insurance coverage with private carriers for real property and building contents is maintained. Real property and contents are 100% coinsured.

Health care insurance coverage is offered to employees through commercial insurance companies.

The College pays the Ohio Bureau of Worker's Compensation a premium based on a rate per $100 of salaries. The rate is calculated based upon accident history and administrative costs.

The College pays all administrative and appointed officials' bonds by statute.

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

9. PENSION PLANS:

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

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

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

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

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

Plan Description - Ohio Public Employees' Retirement System (OPERS):

Plan Description – College employees participate in OPERS, which administers three separate pension plans. The traditional pension plan is a cost-share, 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 plan with defined contribution features. While members (e.g., College employees) may elect the member-directed plan and the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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' ACFR referenced above for additional information):

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 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years 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
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 years	**Formula:** 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30 years	**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 years

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.

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

Funding Policy – The ORC provides statutory authority for member and employer contributions. For fiscal year 2022, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The College's contractually required contributions was $95,864 for fiscal year 2022. Of this amount, $7,368 is reported in *accounts payable and accrued liabilities* for fiscal year 2022.

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

At June 30, 2022, the College reported a liability for its proportionate share of the net pension liability of OPERS. The net pension liability presented as of June 30, 2022 was measured as of December 31, 2021. 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 projected contributions of all participating entities.

The following is information related to the College's proportionate share, pension expense and deferred inflows and outflows for fiscal year 2022:

Proportionate Share of the Net Pension Liability	$	356,822
Proportion of the Net Pension Liability		0.00410120%
Change in Proportion		-0.00013478%
Pension Expense (Negative)	$	(94,798)
Deferred Outflows of Resources		
Differences between expected and actual experience	$	18,191
Change in assumptions		44,620
Change in College's proportionate share and difference in employer contributions		10,173
Contributions subsequent to the measurement date		47,198
	$	120,182
Deferred Inflows of Resources		
Differences between expected and actual experience	$	(7,826)
Net difference between projected and actual earnings on pension plan investments		(424,426)
Change in College's proportionate share and difference in employer contributions		(10,113)
	$	(442,365)

$47,198 reported as deferred outflows of resources related to pension at June 30, 2022 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2023	$	(53,175)
2024		(148,890)
2025		(99,800)
2026		(67,516)
	$	(369,381)

Actuarial Assumptions – OPERS:

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Wage inflation:	
Current measurement period	2.75%
Prior measurement period	3.25%
Future salary increases, including inflation:	
Current measurement period	2.75% to 10.75%
Prior measurement period	3.25% to 10.75%
COLA or Ad Hoc COLA:	
Pre 1/7/2013 retirees	3.00% Simple
Post 1/7/2013 retirees:	
Current measurement period	3.00% Simple through 2022, then 2.05% Simple
Prior measurement period	0.50% Simple through 2021, then 2.15% Simple
Investment rate of return:	
Current measurement period	6.90%
Prior measurement period	7.20%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

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
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 6.90% for the Traditional Pension 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate of 6.90%, 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 (5.90%) and one-percentage point higher (7.90%) than the current rate used:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
College's proportionate share of the net pension liability	$ 940,774	356,822	(129,106)

403(b) and 457(b) Plans

Effective April 1, 2004, the College's Board of Trustees approved a 403(b) plan for its employees. Effective October 1, 2021, the College's Board of Trustees approved the termination of the 403(b) plan and replaced it with the Ohio Deferred Compensation 457(b) plan for its employees. The terms relating to the College's contribution matching and vesting schedule were carried over to the 457(b) plan from the 403(b) and are described below.

The plan calls for the College to match voluntary withholdings of the employee up to 5% of the employee's annual salary.

Vesting of matching contributions made by the College occurs in accordance with the following vesting schedule:

Years of Service	Percentage Vested
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Employees are eligible to participate in the plan after six months of employment with the College. Prior to its termination, contributions to the 403(b) plan on behalf of employees for the year ended June 30, 2022 was $2,885. Contributions to the 457(b) plan on behalf of employees for the year ended June 30, 2022 was $21,774.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Net OPEB Asset:

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

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

ORC limits the College's obligation for a potential OPEB liability to annually required payments. The College cannot control benefit terms or the manner in which OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including OPEB.

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

The proportionate share of OPERS plan's fully-funded benefits is presented as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *accounts payable and accrued liabilities*.

Plan Description - Ohio Public Employees' Retirement System (OPERS):

The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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 refund, 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. 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' ACFR referenced below for additional information.

The ORC 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 ORC.

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero for calendar year 2022. 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 2022 was 4.0%.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The College's proportion of the net OPEB asset was based on the College's share of contributions to OPERS relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense for fiscal year 2022:

Proportionate Share of the Net OPEB Asset	$	135,687
Proportion of the Net OPEB Asset		0.00433207%
Change in Proportion		0.00029495%
OPEB Expense (Negative)	$	(109,805)
Deferred Outflows of Resources		
Difference between employer contributions and proportionate share of contributions	$	12,411
	$	12,411
Deferred Inflows of Resources		
Differences between expected and actual experience	$	(20,582)
Net difference between projected and actual earnings on OPEB plan investments		(64,686)
Change in assumptions		(54,924)
	$	(140,192)

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

Year Ended June 30		
2023	$	(75,495)
2024		(28,862)
2025		(14,134)
2026		(9,290)
	$	(127,781)

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 and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation:	
Current measurement period	2.75%
Prior measurement period	3.25%
Projected salary increases:	
Current measurement period	2.75% to 10.75%, including wage inflation
Prior measurement period	3.25% to 10.75%, including wage inflation
Singe discount rate	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	1.84%
Prior measurement period	2.00%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2034
Prior measurement period	8.5% initial, 3.50% ultimate in 2035
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	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 Asset to Changes in the Discount Rate – The following table presents the College's proportionate share of the net OPEB asset for fiscal year 2022 calculated using the single discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0% point lower (5.00%) or 1.0% point higher (7.00%) than the current rate:

		1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$	79,797	135,687	182,077

Sensitivity of the College's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB 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 that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

		1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
College's proportionate share of the net OPEB asset	$	137,153	135,687	133,948

11. STUDENT FINANCIAL AID:

The student financial aid program of the College is accounted for by the department of student financial aid of the University of Rio Grande, a private institution of higher education (see Note 12). The accounts of the department of student financial aid are not reflected in the accompanying financial statements.

12. INSTRUCTIONAL CONTRACT WITH THE UNIVERSITY OF RIO GRANDE:

The College has a contract with the University of Rio Grande (the "University") whereby the University agrees to perform instructional services for the College in return for a fee equal to 96% of tuition revenue and state share of instruction. This contract expired June 30, 2017 and in June 2017 was renewed through June 30, 2019 (subsequently extended through June 30, 2023). The University provides to the College and its students:

- Instruction in arts and sciences, technical (occupational) studies, adult education and development courses;
- Access to all nonresidential physical facilities of the University on the same basis that such facilities are available to students of the University;
- Activities available to students of the University, such as athletics, clubs, dramatics and other approved activities;
- Student services; including financial aid, career advising, campus policies, etc., and;
- Appropriate office space for the College's administrative offices.

Under the terms of the contract, the University agrees to lease to the College the land necessary for the College to construct buildings. The lease is for $1 for at least 15 years. The buildings are constructed, in whole or in part, with funds provided by the State of Ohio. Upon completion of construction, the University subleases these structures from the College for $1 and provides the operating and maintenance costs necessary to serve the student bodies of both the College and the University.

The amount receivable from the University at June 30, 2022 was $313,382.

13. CONTINGENCIES:

Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the College. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2022. Under terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the College recognized revenue amounting to $32,451 in federal COVID-19 funding from the Higher Education Emergency Relief Fund, passed through from the University. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the College. The impact on the College's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

RIO GRANDE COMMUNITY COLLEGE
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.003131%	$ 369,104	$ 341,642	108.04%	86.36%
2015	0.003131%	377,634	391,908	96.36%	86.45%
2016	0.003431%	594,292	405,958	146.39%	81.08%
2017	0.003678%	835,192	428,408	194.95%	77.25%
2018	0.003923%	615,495	490,778	125.41%	84.66%
2019	0.004007%	1,097,474	561,821	195.34%	74.70%
2020	0.004025%	795,621	581,507	136.82%	82.17%
2021	0.004236%	627,256	589,357	106.43%	86.88%
2022	0.004101%	356,822	639,471	55.80%	92.62%

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

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 40,997	$ (40,997)	$ -	$ 341,642	12.00%
2014	47,029	(47,029)	-	391,908	12.00%
2015	48,715	(48,715)	-	405,958	12.00%
2016	53,551	(53,551)	-	428,408	12.50%
2017	66,255	(66,255)	-	490,778	13.50%
2018	78,655	(78,655)	-	561,821	14.00%
2019	81,411	(81,411)	-	581,507	14.00%
2020	82,510	(82,510)	-	589,357	14.00%
2021	89,526	(89,526)	-	639,471	14.00%
2022	95,864	(95,864)	-	684,743	14.00%

RIO GRANDE COMMUNITY COLLEGE
Required Supplementary Information
Schedules of College's Proportionate Share of the Net OPEB Liability (Asset)
and College OPEB Contributions
Ohio Public Employees Retirement System

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.003440%	$ 347,489	$ 428,408	81.11%	54.05%
2018	0.004271%	463,806	490,778	94.50%	54.14%
2019	0.004179%	544,806	561,821	96.97%	46.33%
2020	0.003749%	517,795	581,507	89.04%	47.80%
2021	0.004037%	(71,924)	589,357	(12.20%)	115.57%
2022	0.004332%	(135,687)	639,471	(21.22%)	128.23%

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

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 8,975	$ (8,975)	$ -	$ 428,408	2.00%
2017	7,676	(7,676)	-	490,778	1.50%
2018	2,910	(2,910)	-	561,821	0.50%
2019	-	-	-	581,507	0.00%
2020	-	-	-	589,357	0.00%
2021	-	-	-	639,471	0.00%
2022	-	-	-	684,743	0.00%

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

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to Pension Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement year 2016, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.00% to 7.50%, a reduction in the wage inflation rate from 3.75% to 3.25%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2000 mortality tables to the RP-2014 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2018, a reduction of the discount rate was made from 7.50% to 7.20%.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.20% to 6.90%, a reduction in the wage inflation rate from 3.25% to 2.75%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2014 mortality tables to the Pub-2010 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement year 2017, the single discount rate changed from 4.23% to 3.85%.

For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For measurement year 2019, the single discount rate was reduced from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

For measurement year 2020, the single discount rate increased from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in the wage inflation rate from 3.25% to 2.75%, lowering of the total salary increases rate by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation, and the health care cost trend rate changing from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

SUPPLEMENTAL INFORMATION

Rio Grande Community College
Gallia County, Ohio
Board of Trustees
For the Year Ended June 30, 2022

College Location	Mailing Address
218 North College Street Rio Grande, Ohio 45674	P.O. Box 326 Rio Grande, Ohio 45674

Board of Trustees	Title	Appointed By	Term of Office
Ms. Taylor Rose	Chair	Jackson County [1]	12/31/21-12/30/26
Mr. Mick Davenport	Vice Chair	Meigs County [1]	08/18/20-08/17/25
Mr. Paul M. Reed	Trustee	Joint Commissioners [2]	09/11/20-09/10/25
Ms. Mary Lynne Jones	Trustee	Gallia County [1]	10/11/12-10/11/22*
Mr. Jeffrey Simmons	Trustee	Vinton County [1]	09/11/21-09/10/26
Mr. Christian Scott	Trustee	Governor	11/25/20-11/24/25
Mr. Joshua Smith	Trustee	Governor	10/11/21-10/10/26
Mr. Troy Howdyshell	Trustee	Joint Commissioners [2]	11/02/21-11/01/26
Ms. Sarah Munn	Trustee	Governor	01/01/21-10/10/25

[1] – Appointed by the Board of County Commissioners

[2] – Appointed by action of the joint Boards of County Commissioners of Gallia, Jackson, Meigs, and Vinton Counties

* – Ms. Mary Lynne Jones was reappointed 10/12/22-10/11/27

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Rio Grande Community College
Rio Grande, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Rio Grande Community 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 2, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 2, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

None noted

Section III – Summary of Prior Audit Findings

None noted

OHIO AUDITOR OF STATE
KEITH FABER

RIO GRANDE COMMUNITY COLLEGE

GALLIA 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 12/27/2022

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