Cincinnati State Technical and Community College

Financial Statements

June 30, 2020 and 2019

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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KEITH FABER

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Board of Trustees
Cincinnati State Technical and Community College
3520 Central Parkway
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We have reviewed the *Independent Auditors' Report* of the Cincinnati State Technical and Community College, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 09, 2021

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Cincinnati State Technical and Community College

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cincinnati State Technical and Community College
Cincinnati, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Cincinnati State Technical and Community College (the "College"), a component unit of the State of Ohio, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Other Matters

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 15, 2020

Introduction, Mission and Governance

Our discussion and analysis of Cincinnati State Technical & Community College's financial performance provides an overview of the financial activities for the year ended June 30, 2020, with selected comparative information for the fiscal years ended June 30, 2019 and 2018. This discussion, prepared by management, read in conjunction with the financial statements and the notes thereto which follow this section.

Cincinnati State Technical & Community College ("Cincinnati State" or the "College") is a public, two-year Community College operating under the authority of Ohio Revised Code Chapter 3358 (and other sections of the Ohio Revised Code as applicable) and the Ohio Department of Higher Education. As stipulated by the Ohio Revised Code, the College is governed by a Board of Trustees consisting of up to nine members appointed by the Governor of the State of Ohio. Board Members serve staggered 6-year terms and the College presently has a full nine-member board. Additional information about Board of Trustees may found on the College's public website.

The President and Board of Trustees established the following Mission of the College:
Cincinnati State provides access, opportunity, and support in achieving success for individuals seeking exceptional technical, transfer experiential/cooperative education and workforce training.

The President and Board of Trustees established the College's Strategic Plan, approved by the Board of Trustees in December 2019, and organized around the following four strategic pillars:

- Achieving Academic Excellence;
- Enriching the Student Experience;
- Engaging the Community; and
- Strengthening Our Future.

The President and Board of Trustees set the following fiscal priorities for the College for fiscal year 2020:

- Support the Mission and Student Success through support of educational programs; and
- Increase cash and cash equivalent reserves, positive annual net surplus, and increased Senate Bill 6 score.

The College's fiscal year 2020 results achieved the priorities of the President and Board of Trustees.

During the Spring of 2020, the College was impacted by the COVID-19 health emergency. In March 2020 the College transitioned 100% of Spring Semester courses to remote instruction and most of the College's staff to remote operations. A limited number of instructional labs were restored to in-person instruction beginning in the Summer 2020 semester. Most instruction continues remotely as the College manages a safe educational environment and follows state guidelines regarding instruction and operations.

The health emergency had a negative impact on revenue due cuts to state subsidy for instruction in April, May and June 2020, and significantly decreased enrollment in Summer 2020 semester. Despite the challenges of 2020 health crisis Cincinnati State continued to accomplish its mission and successfully achieve its fiscal goals through the end of fiscal year 2020. The federal government allocated stimulus to the College through the CARES Act in the amounts of $2.1 million for emergency financial aid for students and $2.1 million for institutional aid for the College. The College has until June 2021 to expend direct allocations from the CARES Act administered by the U.S. Department of Education. The College also received an allocation $0.972 million of CARES Act funding passed through from the State of Ohio that must be expended by December 31, 2020.

Cincinnati State is fully accredited by the Higher Learning Commission and the Ohio Department of Higher Education and the College holds numerous programmatic accreditations. The Higher Learning Commission completed a Comprehensive Quality Review site visit in April 2019 resulting in the affirmation of the College's accreditation until 2023-2024.

The College furthers its mission by offering more than 100 associate degree programs and certificates in Business Technologies, Health and Public Safety, Engineering and Information Technologies, and Humanities and Sciences. The College offers the community both "transfer" associate degrees and "career technical" associate degrees. "Transfer" associate degrees provide students an affordable, convenient pathway toward a baccalaureate degree in a wide variety of disciplines. "Career technical" degrees provide students in the community with the skills and knowledge necessary for high tech, in demand jobs in our region. The career technical degrees provide students with co-operative education in partnership with industry stakeholders. Cincinnati State has one of the largest co-op education programs in the country.

The College's first two baccalaureate degrees programs (Culinary Food Science and Land Surveying) have received approval from the Ohio Department of Higher Education and Higher Learning Commission. The College also provides the community with continuing education opportunities through flexibly scheduled courses, seminars, and on-site training for area businesses and industries through its Workforce Development Center. The College also offers dual education credit (referred to in Ohio as "College Credit Plus") to high school students its campuses and in high schools.

The College is committed to providing the community with college pathways that are accessible. In furtherance of this commitment, the College's tuition cost is substantially less than other colleges or universities in the region. Moreover, admission is open access, with a majority of incoming students utilizing tutoring, remedial courses, and other academic support services provided by the College.

Ohio Department of Higher Education has designated Butler County and Hamilton County as the College "service areas". The College draws students from other counties as well, specifically four Ohio counties in the metropolitan Cincinnati area and counties in Northern Kentucky and Eastern Indiana.

Financial Summary

The College's financial report consists of three financial statements: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. The College has adopted GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by additional GASB statements. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the College as a whole, with resources classified for accounting and reporting purposes into three net position categories.

Under the provision of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Cincinnati State Technical and Community College Foundation (the "Foundation") has been determined to be a component unit of the College. Accordingly, the Foundation will be discretely presented in the College's financial statements. The discretely presented component unit has been excluded from the management's discussion and analysis.

During fiscal year 2015, the College implemented GASB Statement No. 68, *Accounting and Reporting for Pensions*, an amendment to GASB Statement No. 27 and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. During fiscal year 2018, the College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The College is now recognizing both its unfunded pension benefit obligation and its unfunded postemployment benefit plans (OPEB) obligation as liabilities on the statement of net position. The statements also enhance accountability and transparency through revised note disclosures and required supplementary information.

Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year. Net position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Net position indicates the overall financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarized comparison of the College's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30 follows (*in thousands*):

	2020	2019	2018
Assets and Deferred Outflows of Resources			
Cash, cash equivalents, and investments	$ 23,830	$ 20,769	$ 16,833
Accounts receivable – Net	6,152	6,586	12,000
Other assets	1,017	763	604
Other long-term assets	2,753	2,952	-
Capital assets – Net	74,499	75,170	75,322
Total assets	108,251	106,240	104,759
Deferred outflows of resources	11,733	17,187	24,427
Total assets and deferred outflows of resources	**$ 119,984**	**$ 123,427**	**$ 129,186**
Liabilities and Deferred Inflows of Resources			
Accounts payable and accrued expenses	$ 6,533	$ 8,591	$ 9,557
Unearned revenue	3,877	3,941	3,213
Long-term liabilities	94,775	105,830	134,774
Total liabilities	105,185	118,362	147,544
Deferred inflows of resources	21,686	23,884	14,697
Total liabilities and deferred inflows of resources	126,871	142,246	162,241
Net Position			
Net investment in capital assets	47,130	44,995	42,251
Restricted	601	1,022	1,525
Unrestricted	(54,618)	(64,836)	(76,831)
Total net position	(6,887)	(18,819)	(33,055)
Total liabilities, deferred inflows of resources, and net position	**$ 119,984**	**$ 123,427**	**$ 129,186**

Assets and Deferred Outflows of Resources

Cash, cash equivalents, and investments make up 19.8 percent, 16.8 percent, and 13.0 percent of total assets and deferred outflows at June 30, 2020, 2019, and 2018, respectively. Cash, cash equivalents, and investments include bank deposits, cash on hand, U.S. government agency securities, and Treasury notes. Cash, cash equivalents and investments were up, $3.1 million, at June 30, 2020 from June 30, 2019.

Net accounts receivable make up 5.1 percent, 5.3 percent, and 9.3 percent, of the total assets and deferred outflows a June 30, 2020, 2019, and 2018, respectively. The net decrease in accounts receivable from fiscal year 2018 through fiscal year 2020 is attributable to decreases adjustments to allowance for doubtful accounts to reflect actual collections, and changes in financial aid disbursements that improved collections of tuition and fees. Accounts receivable at June 30 include (in thousands):

Accounts Receivable

	2020	2019	2018
Tuition and fees	$ 7,597	$ 14,028	$ 15,351
Collaboration agreement	900	1,499	1,694
Grants and other	2,121	1,214	1,421
Leases	66	130	317
Allowance for doubtful accounts	(4,532)	(10,285)	(6,783)
Total net accounts receivable	**$ 6,152**	**$ 6,586**	**$ 12,000**

Capital assets, net of depreciation, make up 62.1 percent, 60.9 percent, and 58.3 percent of the total assets and deferred outflows at June 30, 2020, 2019, and 2018, respectively. The decrease in the capital assets is due primarily to depreciation of the capital assets offset by additions. Other assets include prepaid expenses, bond escrow payments, and cafeteria, restaurant, and other College inventories.

Liabilities and Deferred Inflows of Resources

The decrease in total liabilities was primarily due to the decreases in debt obligations, including capital leases, from fiscal year 2018 through fiscal year 2020. Liabilities for long-term debt, including capital leases, were reduced in fiscal year 2020 by the amount of scheduled principal payments made by the College. Long-term debt is discussed in more detail in Note 7 to the Financial Statements. The other activity in this area relates to the net pension and OPEB liabilities and related deferred outflows of resources, which are included in Notes 16 and 17 of the Financial Statements.

Net Position

Total net position increased $11.9 million compared to June 30, 2019. The increase in net position is due to the appreciating value of investments in addition to the impact of the changes in the net pension and OPEB assets and liabilities. Restricted net position is subject to externally imposed stipulations that they either be maintained permanently (unexpendable) or that they can be fulfilled by actions of the College pursuant to those stipulations (expendable). All of the College's restricted net position is expendable and includes reserves for debt service and deferred maintenance. Unrestricted net position is not subject to externally imposed stipulations and may be designated for specific purposes by action of management or the board of trustees. Substantially all unrestricted net position is allocated for academic programs, general operations, deferred maintenance, and initiatives.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents both the operating results and the nonoperating revenue and expenses of the College. State appropriations, while budgeted for operations, are considered nonoperating revenue. Statements of Revenue, Expenses and Changes in Net Position are presented including and excluding the GASB 68 and GASB 75. A summarized comparison for the years ended June 30 follows (in thousands):

Statement of Revenue, Expenses, and Changes in Net Position (including GASB 68/75 expense)

	2020	2019	2018
Revenues			
Tuition and fees – Net	$ 16,953	$ 21,409	$ 23,638
Grants and contracts	17,209	12,699	14,098
Sales and services	1,741	2,004	2,347
Auxiliary services	1,853	2,446	3,053
Other revenue and gifts	2,104	1,789	1,564
State instructional appropriations	27,564	28,755	29,671
State capital appropriations	4,535	3,945	1,904
Total revenue	71,959	73,047	76,275
Expenses			
Instruction	21,910	19,418	10,794
Public support	2,168	2,183	2,191
Academic support	5,079	4,308	3,662
Student services	4,454	3,879	2,851
Institutional support	13,339	15,981	12,688
Operations and maintenance	5,054	4,779	5,971
Depreciation	3,396	3,736	4,064
Scholarships	1,296	988	864
Auxiliary services	1,911	2,464	3,229
Loss on disposal of capital assets	431	10	-
Interest on capital asset related debt	989	1,065	791
Total expenses	60,027	58,811	47,105
Increase in net position	$ 11,932	$ 14,236	$ 29,170

Statement of Revenue, Expenses, and Changes in Net Position (excluding GASB 68/75 expense)

	2020	2019	2018
Revenues			
Tuition and fees – Net	$ 16,953	$ 21,409	$ 23,638
Grants and contracts	17,209	12,699	14,098
Sales and services	1,741	2,004	2,347
Auxiliary services	1,853	2,446	3,053
Other revenue and gifts	2,104	1,789	1,564
State instructional appropriations	27,564	28,755	29,671
State capital appropriations	4,535	3,945	1,904
Total revenue	71,959	73,047	76,275
Expenses			
Instruction	24,610	26,474	28,113
Public support	2,381	2,733	3,974
Academic support	5,615	5,600	6,687
Student services	4,872	4,942	5,752
Institutional support	13,962	17,848	16,896
Operations and maintenance	5,295	5,337	7,349
Depreciation	3,396	3,736	4,064
Scholarships	1,296	988	864
Auxiliary services	1,911	2,464	3,229
Loss on disposal of capital assets	431	10	-
Interest on capital asset related debt	989	1,065	791
Total expenses	64,758	71,197	77,719
Increase (Decrease) in net position	$ 7,201	$ 1,850	$ (1,444)

Revenues

Revenue for fiscal year 2020 decreased by $1.1 million or 1.5 percent over fiscal year 2019. The change derives primarily from the following functional categories of revenue:

1. Student tuition and fees are reported net of scholarship allowance. Student tuition and fees decreased by $4.5 million primarily due to decreased enrollment net of tuition increases.

2. Grants and contracts revenue increased by $4.5 million offsetting the decrease in student tuition and fees.

3. State instructional appropriations decreased by $1.2 million or 4.1 percent due to state budget cuts in reaction to the 2020 health crisis. State instructional appropriations are based upon an allocation among all Ohio community colleges and trailing averages based on full time equivalent enrollment, degrees, certificates, transfers and other credit hour-based factors.

4. State capital appropriations increased by $0.6 million largely as a result of the timing in state capital projects from year to year.

5. Auxiliary services decreased by $0.6 million compared to fiscal year 2019 primarily due to the suspension of food service, childcare and parking operations during the 2020 health crisis.

Revenue for fiscal year 2019 decreased by $3.2 million or 4.2 percent over fiscal year 2018 when including the impact of GASB 68/75. The change derives primarily from the following functional categories of revenue:

1. Student tuition and fees are reported net of scholarship allowance. Net instructional revenue for fiscal year 2019 decreased by $2.2 million, or 9.4 percent, from fiscal year 2018 primarily due to decreased enrollment net of tuition increases.

2. Grants and contracts decreased by $1.4 million, or 9.9 percent, compared to fiscal year 2018.

3. State instructional appropriations decreased by $0.9 million or 3.1 percent due to the impact on state funding primarily due to lower full-time equivalent enrollment. State instructional appropriations are based upon an allocation among all Ohio community colleges and trailing averages based on full time equivalent enrollment, degrees, certificates, transfers and other credit hour-based factors.

4. State capital appropriations increased by $2.0 million, or 107.2 percent, compared to fiscal year 2018, largely as a result of the timing in state capital projects from year to year.

5. Auxiliary services decreased by $0.6 million, or 19.9 percent, compared to fiscal year 2018, primarily due to changes in the operating model of MCI's retail food operations. The operating model change resulted in a positive impact to net position for Auxiliary services compared to 2018. Other Auxiliary services (such as parking) also experienced declines in revenue consistent with enrollment declines.

Expenses

Expenses for fiscal year 2020 increased by $1.2 million, over fiscal year 2019 when including the impact of GASB 68/75. When excluding the impact of GASB 68/75, expenses decreased $6.5 million over fiscal year 2019. The containment of costs (excluding GASB 68/75) relative to enrollment is critical to meeting the fiscal goals established by the President of the College and Board of Trustees. The change derives primarily from the following functional categories of expense, but the decrease in each functional category of expense (excluding adjustments for GASB 68 and 75) is due to management of personnel and operating expenses relative to enrollment declines:

1. Instructional expenses decreased by $1.9 million or 7.0 percent, compared to fiscal year 2019.

2. Public support expenses decreased by $0.4 million compared to fiscal year 2019.

3. Academic support expenses increased by $0.02 million compared to fiscal year 2019.

4. Operations and maintenance of plant expenses decreased by $0.04 million compared to fiscal year 2019.

Expenses for fiscal year 2019 increased by $11.7 million, or 24.9 percent, over fiscal year 2018 when including the impact of GASB 68/75. When excluding the impact of GASB 68/75, expenses decreased $6.5 million, or 8.4 percent over fiscal year 2018. The change derives primarily from the following functional categories of expense, but the decrease in each functional category of expense (excluding adjustments for GASB 68 and 75) is due to management of personnel and operating expenses relative to enrollment declines:

1. Instructional expenses decreased by $1.6 million or 5.8 percent, over fiscal year 2018.

2. Public support expenses decreased by $1.2 million or 31.2 percent, over fiscal year 2018.

3. Academic support expenses decreased by $1.1 million or 16.2 percent, over fiscal year 2018.

4. Operations and maintenance of plant expenses decreased by $2.0 million, or 27.4 percent, over fiscal year 2018.

Statement of Cash Flows

The statement of cash flows provides additional information about the College's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows (in thousands):

Statement of Cash Flows

	2020	2019	2018
Net cash used in operating activities	$ (36,263)	$ (30,033)	$ (36,178)
Net cash provided by non-capital financing activities	40,963	36,966	38,244
Net cash used in capital and related financing activities	(2,429)	(3,614)	(2,488)
Net cash used in investing activities	(2,113)	(3,644)	(1,571)
Net (decrease) increase in cash and cash equivalents	158	(325)	(1,993)
Cash and cash equivalents – Beginning of year	2,654	2,979	4,972
Cash and cash equivalents – End of year	**$ 2,812**	**$ 2,654**	**$ 2,979**

The primary cash receipts from operating activities consist of tuition and fee revenue. Cash outlays for operating activities include payments of wages, benefits, supplies, utilities, and scholarships.

Cash, Cash Equivalents, and Investments

The President of the College and Board of Trustees evaluate the key metric of cash, cash equivalents and investments on a year-over-year basis. On the statement of net position, cash, cash equivalents, and investments are comprised of the following at June 30 (in thousands):

Cash, Cash Equivalents, and Investments

	2020	2019	2018
Cash and cash equivalents	$ 2,812	$ 2,654	$ 2,979
Investments	21,018	18,115	13,854
Total cash and cash equivalents	**$ 23,830**	**$ 20,769**	**$ 16,833**

Capital Assets

Capital assets, net of accumulated depreciation, totaled $74.5 million, $75.2 million, and $75.3 million at June 30, 2020, 2019, and 2018, respectively, a decrease of $0.7 million and $0.1 million in fiscal years 2020 and 2019, respectively. Changes in capital assets during fiscal years 2020, 2019 and 2018 included (in millions):

Capital Assets

	Balance June 30, 2018	Net Additions or (Reductions)	Balance June 30, 2019	Net Additions or (Reductions)	Balance June 30, 2020
Land	$ 2.3	$ -	$ 2.3	$ -	$ 2.3
Land improvements	2.7	-	2.7	-	2.7
Building and improvements	131.7	1.9	133.6	3.6	137.2
Equipment and furniture	8.2	0.4	8.6	0.1	8.7
Library books and audio visual	1.2	-	1.2	-	1.2
Construction in progress	-	1.3	1.3	(1.3)	-
Accumulated depreciation	(70.8)	(3.7)	(74.5)	(3.1)	(77.6)
Total	**$ 75.3**	**$ (0.1)**	**$ 75.2**	**$ (0.7)**	**$ 74.5**

Senate Bill 6

The Ohio Department of Higher Education evaluates state institutions of higher education based on a composite score of financial ratios established by Ohio law (the Senate Bill 6 score). Cincinnati State's Senate Bill 6 score for fiscal year 2020 increased to 3.90, which is the second consecutive annual increase and a significant improvement from the College's score of 2.30 from fiscal years 2015 – 2018. The President and Board of Trustees identified raising the Senate Bill 6 as a high priority for the College.

Instruction and Academics

The core objective of the College is to provide students of all walks a pathway to a college credential (a certificate, associate degree or bachelor of applied science) for an in-demand career, as well as to position graduates to continue on to a bachelor's degree should they so choose. The College is organized into four academic divisions, each lead by a Dean who reports to the Provost: Business Technologies; Health & Public Safety; Engineering & Information Technologies; and Humanities & Sciences.

The College provides on-campus programming at the following locations:

- *Clifton (Main) Campus*: All Certificates, Associate Degrees (except Aviation Maintenance), and Bachelor of Applied Science Degrees
- *Middletown Campus (Butler County)*: General Education Courses, Designated Certificates and Associate Degrees
- *Harrison Location*: Aviation Maintenance Applied Associate Degree
- *Evendale Workforce Development Ctr*: Short Term Certificates; Customized Workforce Training
- *Highland Heights Location* (Northern KY): EMT Certificate; Paramedic Applied Associate Degree

The College's Student Success & Completion Plan is the central, organizing vehicle for, planning, implementing, and analyzing the effectiveness of efforts that support students throughout their academic journey. The Student Success & Completion Plan focuses on increasing student success and completion. The Plan focuses efforts in four institutional priorities:

- Ramp up all recruitment and retention efforts;
- Accelerate the redesign of advising and student support services;
- Confront and clear major institutional roadblocks to student success; and
- Enhance effective academic program analysis and institutional continual improvement efforts

The Campus Student Success & Completion Plan is measured against specific key performance indicators relevant to every Ohio Community College and based upon nationally normed data. The key performance indicators are (1) Average Credits Earned; (2) Credit Pass Rates; and (3) Term to Term Persistence Rates. Each department within the College (including Academic and Non-Academic Departments) develops specific, measurable objectives related to the four institutional priorities of the Campus Student Success & Completion Plan. During academic-year 2019-2020, despite the need to quickly move to remote instruction for in-person course as a result of COVID-10, the rates for Persistence, Retention, Credit Momentum, and Graduation all continue to increase. There has been a dip in Pass Rates, expected due to COVID-19 necessitating that students quickly transition, midway through their courses, from in-person to online. Going forward, we expect pass rates to trend back up.

Early Indicators for New, Degree Seeking Students	16/FA Cohort	17/FA Cohort	18/FA Cohort	19/FA Cohort
Pass Rate	74.3%	75.1%	75.5%	73.40%
Persistence	69.0%	68.4%	68.8%	71.9%
Retention	47.3%	50.6%	48.9%	51.5%
Average Credit Attempt Year 1	19.9	19.8	20.2	20.6
Graduation Rates (FT)	**by 17/SU**	**By 18/SU**	**By 19/SU**	**By 20/SU**
3 Year	16.1% (14/FA)	21.1% (15/FA)	22.4% (16/FA)	25.7% (17/FA)

The student success initiatives of the Completion Plan recently implemented at scale, or are in the process of implementation, have been studied and developed by the Completion Plan Steering Committee and are based on national best practices. Key initiatives include:

1. Guided Pathways, which clarifies and simplifies academic progress and timelines by revamping the student experience and processes.
2. Multiple measures for more accurate and equitable placement into courses (for example, placement into college level English vs developmental English) as opposed to sole reliance upon a placement test score (e.g. ACT or Accuplacer).
3. For students who place below college level course for mathematics or English, the College has paired each developmental course with the respective college level course (as co-requisites) so students can complete them in the same semester – replacing a linear pre-requisite approach that has the unfortunate effect of substantially extending a student's progress and completion of a credential or degree.
4. "Pre-admit" academic advisors, now embedded into the academic divisions to improve the student early advising experience, are utilizing at scale a software tool (STARFISH) that allows a case-management approach to student advisement.

5. Eliminated the "pre-admit" status (which naturally silos students into developmental courses and poor course choices) in favor of "early pathways" curricula common to related associate degree programs (a "meta-majors" approach).
6. Academic Advising for new, first-time College students has moved beyond "highly encouraged" to becoming a requirement. National data illustrate the efficacy of academic advising at the outset of a student's academic journey upon academic success, persistence and degree completion.
7. First Year Experience Course, which both internal data and national data has demonstrated has a significant impact upon student's success and persistence required for all new, incoming students.

With respect to distance education, the College has leveraged its online education infrastructure to quickly and effectively respond to the unique challenges presented by COVID-19. Before COVID-19, the College's online course complement was largely in the "web" (*asynchronous*) format. In response to COVID-19, the College has supplemented the "web" format offerings with "live web" (*synchronous*) course offerings. The choice of formats is driven by quality assurance (i.e. the best format given the course learning outcomes), as well as student preference (some students learn better in the synchronous "live web" formats where there is regular virtual class meetings and interaction with an instructor and peers). The College has been providing robust support for students and for faculty transitioning to remote instruction. Support for students includes building the cost of a laptop into the cost of instruction of each academic program – allowing a student to use his/her federal financial aid to purchase a laptop. The College also instituted a free laptop and hotspot loaner program for students that has provided students without the resources to acquire technology to continue their courses remotely. With respect to faculty, the College's *Center for Teaching and Learning* and the College's *Office of Online Instruction* have provided customized workshops and individual training to assist faculty with effective online teaching.

Important quality assurance components for the College's remote instruction are "Quality Matters" and its faculty professional development "Teaching Online for College", which have been proven to improve student success in online courses. The College also remains as a member in good standing in *Midwestern SARA* (State Authorization Reciprocity Agreement) – which allows the College to deliver distance education courses to states beyond Ohio. Membership requirements include consistent processes for tracking online students and providing an array of support services for the students. The benefit is to be able operate online programs in other states without seeking independent authorization from those states, thus supporting expansion.

Outreach to special populations, high school students, Veterans, international, and Hispanic students continue. The College hosted its annual ENGAGE a two-day event for local and regional students, teachers, and families with hands-on demonstrations of College programs. The College's U.S. Department of Education TRIO grants, Perkins grant, and Ohio Department of Higher Education Career Tech grants continue to provide educational pathways for technical students, as well as to serve at risk high school students and the region's underserved populations.

The College, upon approval from the Ohio Department of Education and the Higher Learning Commission, launched this semester (Fall 2020) applied bachelor's degrees in two fields: Civil Engineering - Land Surveying and Culinary Food Science. A number of other new associate degree and certificate programs have been approved which will allow the College to meet the evolving needs of the Cincinnati region.

The College remains in good standing and full compliance with its regional accrediting body, the Higher Learning Commission. The College's most recent Comprehensive Quality Review was conducted over three days in April 2019 by the Higher Learning Commission. The results of the visit indicated compliance with all HLC standards ("core components"). The College's next HLC submission is the spring of 2021, an interim report focused upon the College's continued progress in the assessment of learning outcomes.

The College's programmatic accreditations and licensures all remain in good standing, including:

- Accreditation Commission of Education of Nursing (ACEN)
- Accreditation Board of Engineering and Technology (ABET)
- American Council for Construction Education (ACCE)
- American Culinary Federation (ACF)
- Commission on Accreditation for Health Informatics and Management (CAHIIM)
- Commission on Accreditation of Allied Health Programs (CAAHEP)
- Commission on Accreditation for Respiratory Care (CoARC)
- Federal Aviation Agency – Part 147 Schools (FAA)
- Medical Assisting Education Review Board (MAERB)
- National Association for the Education of Young Children (NAEYC)
- National Accrediting Agency for Clinical Laboratory Science (NAACLS)
- Ohio Board of Nursing (OBN)

Workforce Development

The College's Workforce Development Center (WDC), which operates from the College's Evendale, Ohio facility, holds an established position as a primary agent in the delivery of workforce training and in the influence of state and regional workforce policy. Due to the COVID-19 pandemic, the economic outlook continues to be volatile. However there continues to be pockets of growing demand within the market for collaborative, high-impact workforce training. Due to the volatility some companies are reducing their workforce, others are adding new jobs. At the same time, there remains a significant gap between the skills required for these positions and those skills possessed by the younger members of the regional workforce. Added to this fact is the increasing impact of disruptive technology on the marketplace, creating positions that simply did not exist even five years ago. While the short-term outlook is unclear, the demand for short-term technical training is projected to grow steadily over the next five years, and the WDC is uniquely poised to meet this growing demand.

The WDC employs two primary strategies to accomplish the organization's mission and objectives. The primary commitment to develop and leverage industry partnerships in the generation of programs allows WDC to set its strategic direction. At the same time, WDC's strategy of establishing pathways continues to support the overall growth of the College by delivering stackable, credit-bearing credentials that provide students their first steps towards pursuing a College education. Each strategy brings unique opportunities for the College with its own positive outcomes.

Long-standing industry partnerships and new business participation are at the heart of the model that guides all WDC programing and consulting services. Technical Advisory Committees (TACs) comprised of industry and education experts enable the WDC to develop and deliver relevant training that makes a measurable impact on the regional workforce and drives bottom-line results for the Center's clients. This focus on industry partnerships and the WDC's agility in responding to emerging needs continues to be its primary competitive advantage in the marketplace.

This emphasis on industry-driven services is exemplified by the Apprenticeship Training Programs that the WDC has developed and delivered in the past three years. WDC apprenticeship programs for companies including Ford Motor Company and UGN signal a resurgence of companies' demand for advanced and effective workforce education and training. The execution of these innovative programs is central to the WDC's sustained growth and success.

Emerging technologies continue to drive the workforce marketplace, and the WDC continues to leverage its business partnerships to identify, develop, and deliver new cutting-edge training programs through these collaborations. Recent partnerships have allowed for the launch of Flexfactor, an innovative project-based curriculum for High School students to increase awareness of career pathways in advanced manufacturing. In addition, programs such as Robotics and Human Machine Interface training have been added to the program offerings at the WDC.

The WDC provides a unique, strategic opportunity for the College to deliver educational college-credit pathways to its students and the employees of its clients. Through the use of stackable credentials, successful programs such as the Child Development Associate (CDA) program allows students to complete industry training that leads to a professional certification, while also receiving College credit that is directly applicable to a degree program. Initiatives such as these allow for the College to meet the immediate workforce training needs of its students and clients, while providing a steady stream of new students to the College's numerous certificate and degree programs.

The WDC remains positioned as a regional leader in workforce development and is uniquely poised to meet the needs of anticipated industry demand. The WDC remains committed to the highest levels of customer service and ROI, innovative programming and consulting services, academic excellence, revenue generation, and community service. These ambitious and measurable goals continue to be the primary contributor to the success of the clients and students it serves.

In fiscal year 2020 WDC was negatively impacted by the health emergency, and this negative impact continues into fiscal year 2021. Most of WDC's training focuses on in-person, hands on experiences. Many of WDC's clients have not returned to pre-crisis operations, reducing the demand.

Marketing, Enrollment and Retention

For academic year 2020-2021, total credit hours and FTEs were down from the prior academic year; however, spring semester 2020 was the College's first year-over-year semester enrollment increase in nearly a decade. Several initiatives have occurred in the past several years that have assisted in the spring increase and the College is currently developing a new strategic enrollment management plan to guide the future enrollment work of the College. While working on future planning is essential, many continuous improvement efforts made in the recent past is streamlining our processes.

One of the major enhancements to the enrollment process has been an adjustment to the financial aid process. In the past, financial aid was disbursed over three terms. Financial aid was changed to a semester awarding cycle allowing students to use all potential aid during the traditional fall and spring semesters. By doing this, it promotes the possibility for students to take higher credit hours (including full time) during a traditional school year.
Another continuous improvement enrollment process implemented fall, 2020, was removing Accuplacer as an admissions requirement. Now, prospective students only need high school transcripts and college transcripts if they are transferring, in order to be admitted. Research had revealed that the Accuplacer was a barrier to enrollment and was an ineffective tool in placing students. College advisors now use multiple measures to determine student placement.

Also new in 2020 is an on-line orientation for all admitted students. This comprehensive online tool takes a student through a welcome from the College President to an overview of the student experience and academics. Plus, it includes all the little things a student needs to know to have a successful start. After completing the online orientation, the admitted student is connected to their advisor who is embedded in the academic divisions to help them confirm their program and select classes. This way, a student is quickly connecting with his/her division helping them get on a path towards completion and success.

Marketing efforts continue with an understanding that our external environment has changed. Shifts in plans for outdoor advertising to streaming ads were made to adjust for changes in behavior. Monthly digital reports reviewing month-over-month and year-over-year performance were used to inform marketing adjustments and future decisions. In addition, a new website is well underway and will be deployed later this academic year. This new website is prospective student focused and at the same time a resource for current students, guests, alumni, co-op partners and philanthropic givers.

With the COVID-19 crisis it has been challenging to connect with prospective students. High schools that are open are not allowing visits to recruit students and there are no events to attend to communicate in large group settings. The work of the Admission and Career Services department has adjusted based on this environment. Prospective students are afforded many virtual options, open houses, information sessions, one-on-one options. In addition, we have opened our campus up to visitors to come in and be served face-to-face with appropriate social distancing and precautions. In Career Services, we have started an alumni series where our student service specialists interview select alumni, and use the interview as a marketing tool, highlighting the quality of Cincinnati State's programming, faculty and outcomes.

Administration of the College

During fiscal year 2020, the President's Executive Team remained stable consisting of the Provost, Vice President of Administration, Vice President of Finance (CFO), Vice President of Workforce Development, Senior Director of Student Success & Development Services and Chief Institutional Advancement Officer.

During Calendar Years 2018 and 2019, all six of the College's collective bargaining agreements renewed without disruption in work. The College Administration and bargaining units have worked to improve and maintain a high level of communication and positive relations primarily through the inclusion of bargaining unit members on committees and regular labor/management meetings. All six of the contracts are two-year terms with no base increase in compensation but with the opportunity for lump sum payments based on meeting specific institutional performance criteria related to student success and enrollment. Due to the health crisis two of the contract terms have been extended.

The key issues for all labor negotiations continued to be the financial challenges faced by the College due to enrollment declines. Administration spent considerable effort and time to provide detailed information and presentations to the entire college community related to budget constraints, and financial objectives as defined by the Board of Trustees.

The College has focused on improved relations with faculty and the College administration, in concert with the faculty, has instituted a number of transparency and shared governance structures, including:

1. Inclusion of the Faculty Senate President in weekly Deans Council meetings;
2. Establishment of the President Advisory Council - a cross-functional team that includes SEIU, AAUP, and administrators;
3. Establishment of Faculty President and Provost weekly Academic Matters meetings;
4. Increased meeting rhythm and substantive expectations of Budget Advisory Team that includes faculty and College administrators.

The Administration focused on enhancing labor relations with all unions and initiated the following during fiscal year 2018:

1. Every other month Labor-Management meetings involving leadership from all 6 labor unions, the Vice President of Administration & HR, the Vice President of Finance and other administrators.
2. Convening of a Benefits Task Force with representatives of all 6 unions, HR, Finance, and the College's Benefit Broker. During fiscal year 2018, the Task Force review insurance utilization data, discussed plan options and made recommendations to administration related to modifications that both reflected market trends as well as support cost containment efforts of the self-funded health plan.

Facilities

The physical plant portfolio includes several assets that are over 50 years in age. The Board of Trustees restored a deferred maintenance line item for fiscal years 2019 and 2020 of $250,000 to address aging plant assets.

During fiscal year 2020 the College completed capital projects funded by State of Ohio capital funds including a new boiler for the Main Building in Clifton; and renovation of Physics, Biology and Material Testing laboratories. Fiscal year 2021 capital projects planned include improvement on the Main Building and a Health Professions Simulation lab. However, a water main break in August 2020 caused water damage to the Main Building infrastructure including all building systems (heating, cooling, electrical, etc.). Although, the College is insured, the damage from the water main break may delay other capital projects until the restoration of these critical systems is completed.

Information Technology Services

Top priorities for the Information Technology Services (ITS) Division focused on encouraging innovation and improving services while supporting the College in providing cost-effective high-quality education. ITS developed a new Master Plan in fiscal year 2019 that focuses on the four domains that impact learning: student, faculty, curricula, and remote use. During the year, based on feedback from students and the faculty-administrator Academic Technology Committee, state capital funds were allocated to the upgrade of Wi-Fi in all locations and buildings, except for the Main Building. The ITS department also undertook the analysis of options to modernize the College's ERP system, a central element of which will cease to be supported by the vendor in 2021. Faculty, administrators and the President's Executive Team have approved of the recommendation to utilize available capital appropriations to modernize the ERP to enhance enrollment and support administration, as well as to invest in the purchase and replacement of computer equipment used by students and instructors.

The ITS Division continues to focus on compliance with Payment Card Industry (PCI) Security Council Standards. This effort is part of a larger, more inclusive Information Security Program that includes an Information Security Council, Information Security Awareness Program, information security policies, and standards and change management processes and procedures.

State Capital Funding

The State of Ohio appropriates funding for capital projects every two years. The College was appropriated $6,675,000 for fiscal years 2017-2018 and $6,637,000 for fiscal years 2019-2020 by the State of Ohio. Due to the health crisis the State of Ohio has not approved capital appropriations for the 2021-2022 biennium as of the date of this discussion. As discussed, the College used, and is using capital appropriations for general infrastructure improvements such as its Main Building boilers, and STEM labs on the Clifton campus for Physics, Biology and Materials Testing.

Requested Capital funding from the 2021-2022 biennium appropriations include Main Building Renovations, IT System Upgrades, and Training and Education Infrastructure Upgrades. Due the health crisis, the 2021-2022 biennium capital appropriations have been delayed and is not yet appropriated.

Litigation

It is the College's policy not to comment on pending or on-going litigation. The Attorney General's Office of the State of Ohio represents Cincinnati State in legal matters.

Fundraising

The Cincinnati State Technical and Community College Foundation, a not-for-profit organization, through its volunteers and programs, promotes and supports the programs, services, and capital improvement projects of the College. The College Foundation operates so as to solicit, receive, hold, administer, and apply funds or other property, raised through gifts, devices, bequests, endowments, grants or otherwise, or proceeds thereof, for the benefit of the College.

The Foundation and College's Institutional Advancement office is focused on building the College's Annual Fund operations, growing its endowment, cultivating major gift opportunities, and potentially launching a larger fundraising campaign. Student scholarships, and funding for capital projects are a key component of the College's Fundraising strategy. Data has shown the significant impact student scholarships have on retention and graduation, and in addition to the State Capital Funding described above, the College has identified significant opportunities for capital investment that are beyond the amount appropriated by the State of Ohio through fiscal year 2020.

Cincinnati State Technical and Community College

Statements of Net Position
June 30, 2020 and 2019

	Cincinnati State Technical and Community College		Cincinnati State Technical and Community College Foundation	
	2020	2019	2020	2019
Assets				
Current Assets				
Cash and cash equivalents	$ 148,544	$ 20,315	$ 1,866,824	$ 908,631
Restricted cash	2,663,808	2,634,035	-	-
Accounts receivable - Net	6,151,549	6,519,269	-	-
Pledges receivable - Net	-	-	480,794	301,420
Investments	16,673,726	14,116,488	10,101,064	10,433,115
Assets held in remainder unitrust	-	-	253,274	273,650
Inventory	120,971	115,184	-	-
Prepaid and other assets	896,075	648,213	8,219	11,412
Total current assets	26,654,673	24,053,504	12,710,175	11,928,228
Noncurrent Assets				
Capital assets, not being depreciated	2,272,609	3,576,395	-	-
Capital assets, net of depreciation	72,226,671	71,593,909	-	-
Investments	4,343,606	3,997,973	-	-
Long-term lease receivable	-	66,340	-	-
Net OPEB asset	2,753,283	2,951,749	-	-
Total noncurrent assets	81,596,169	82,186,366	-	-
Total assets	108,250,842	106,239,870	12,710,175	11,928,228
Deferred Outflows of Resources				
Deferred gain on advance refunding of bonds	659,185	820,033	-	-
Pension activity	9,773,035	15,333,721	-	-
OPEB activity	1,300,289	1,033,533	-	-
Total deferred outflows of resources	11,732,509	17,187,287	-	-
Liabilities				
Current Liabilities				
Accounts payable	671,729	1,297,283	216,585	125,773
Accrued liabilities and other	3,952,144	5,451,764	-	-
Charitable remainder unitrust obligation	-	-	89,142	102,446
Unearned revenue	3,876,859	3,940,845	-	-
Current portion of capital leases	165,970	230,215	-	-
Compensated absences	1,909,160	1,842,430	-	-
Current portion of long-term debt	2,845,862	2,799,881	-	-
Total current liabilities	13,421,724	15,562,418	305,727	228,219
Noncurrent Liabilities				
Long-term capital leases	80,819	246,789	-	-
Long-term debt	25,002,444	27,848,306	-	-
Net pension liability	58,067,835	63,766,119	-	-
Net OPEB liability	8,611,784	10,939,128	-	-
Total noncurrent liabilities	91,762,882	102,800,342	-	-
Total liabilities	105,184,606	118,362,760	305,727	228,219
Deferred Inflows of Resources				
Pension activity	12,464,478	15,845,323	-	-
OPEB activity	9,221,647	8,038,479	-	-
Total deferred inflows of resources	21,686,125	23,883,802	-	-
Net Position				
Net investment in capital assets	47,129,710	44,995,300	-	-
Restricted:				
Restricted expendable	601,395	1,021,665	5,040,917	4,462,409
Restricted nonexpendable	-	-	7,195,014	6,895,911
Unrestricted	(54,618,485)	(64,836,370)	168,517	341,689
Total net position	**$ (6,887,380)**	**$ (18,819,405)**	**$ 12,404,448**	**$ 11,700,009**

See notes to the financial statements.

Cincinnati State Technical and Community College

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019

	Cincinnati State Technical and Community College		Cincinnati State Technical and Community College Foundation	
	2020	2019	2020	2019
Operating revenues				
Student tuition and fees:				
Student tuition and fees	$ 29,679,819	$ 30,434,940	$ -	$ -
Less scholarship allowance	(12,726,480)	(9,026,071)	-	-
	16,953,339	21,408,869	-	-
Federal grants and contributions	2,130,462	2,716,796	-	-
State grants and contributions	595,877	400,208	-	-
Contributions	-	-	2,305,692	1,660,615
Private gifts, grants, and donations	1,084,222	1,371,140	-	-
Departmental and other educational activities	1,740,962	2,003,883	-	-
Auxiliary enterprises	1,852,696	2,445,863	-	-
Other operating revenue	1,314,045	1,153,151	-	420,017
Total operating revenues	25,671,603	31,499,910	2,305,692	2,080,632
Operating Expenses				
Instruction	21,910,149	19,418,484	721,491	870,395
Public service	2,168,403	2,182,606	-	-
Academic support	5,078,983	4,307,910	-	-
Student services	4,453,750	3,878,675	-	-
Scholarships and student aid	1,296,123	988,082	-	-
Auxiliary enterprises	1,910,727	2,463,642	-	-
Institutional support	13,339,253	15,981,482	-	-
Operation and maintenance	5,053,595	4,779,234	-	-
Depreciation	3,395,921	3,735,961	-	-
Other	-	-	1,134,443	1,080,782
Total operating expenses	58,606,904	57,736,076	1,855,934	1,951,177
Operating (Loss) Income	(32,935,301)	(26,236,166)	449,758	129,455
Nonoperating Revenues (Expenses)				
Federal Pell grants	12,284,260	8,210,876	-	-
Federal grants and contributions	1,114,735	-	-	-
State appropriations	27,563,565	28,755,210	-	-
Investment income	790,281	615,421	254,681	281,904
Interest on capital asset related debt	(989,006)	(1,064,856)	-	-
Loss on disposal of capital assets	(431,460)	(9,823)	-	-
Net nonoperating revenues (expenses)	40,332,375	36,506,828	254,681	281,904
Income - Before state capital appropriations and capital grants and gifts	7,397,074	10,270,662	704,439	411,359
Capital Appropriations from State	4,534,951	3,945,193	-	-
Capital Grants and Gifts	-	20,092	-	-
Change in Net Position	11,932,025	14,235,947	704,439	411,359
Net Position - Beginning of year	(18,819,405)	(33,055,352)	11,700,009	11,288,650
Net Position - End of year	**$ (6,887,380)**	**$ (18,819,405)**	**$ 12,404,448**	**$ 11,700,009**

See notes to the financial statements.

Cincinnati State Technical and Community College

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Tuition and fees	$ 16,425,256	$ 21,597,973
Federal, state, and local grants and contracts	1,869,812	3,519,300
Payments to suppliers	(13,594,693)	(10,124,571)
Payments to employees	(31,137,093)	(33,871,431)
Payments for utilities	(1,459,832)	(1,434,728)
Payments for benefits	(11,661,926)	(13,459,293)
Payments for scholarships and student financial aid	(1,296,123)	(990,582)
Auxiliary enterprises revenue	1,852,696	2,445,863
Auxiliary enterprises expenses	(1,910,727)	(2,463,642)
Sales and services of educational activities	1,740,962	2,003,883
Other receipts	2,908,821	2,744,663
Net cash used in operating activities	(36,262,847)	(30,032,565)
Cash Flows from Noncapital Financing Activities		
State appropriations	27,563,565	28,755,210
Pell receipts and disbursements	12,284,260	8,210,876
Federal grants and contributions	1,114,735	-
Federal direct student loan program receipts	15,131,776	16,149,071
Federal direct student loan program disbursements	(15,131,776)	(16,149,071)
Net cash provided by noncapital financing activities	40,962,560	36,966,086
Cash Flows from Capital and Related Financing Activities		
Capital appropriations from the State	4,534,951	3,945,193
Principal payments on bonds	(2,655,000)	(2,572,523)
Principal payments on capital lease obligations	(230,215)	(510,910)
Proceeds from capital lease receivable	63,814	187,151
Interest payments on bonds and capital lease obligations	(986,314)	(1,088,631)
Capital grants and gifts received	-	20,092
Purchase of capital assets	(3,156,357)	(3,594,389)
Net cash used in capital and related financing activities	(2,429,121)	(3,614,017)
Cash Flows from Investing Activities		
Investment income	790,281	615,421
Purchases of investment securities	(22,052,353)	(13,810,502)
Proceeds from sale and maturities of investment securities	19,149,482	9,551,743
Net cash used in investing activities	(2,112,590)	(3,643,338)
Net Increase (Decrease) in Cash and Cash Equivalents	158,002	(323,834)
Cash and Cash Equivalents - Beginning of year	2,654,350	2,978,184
Cash and Cash Equivalents - End of year	**$ 2,812,352**	**$ 2,654,350**
Classification of Cash and Cash Equivalents		
Cash and investments	148,544	20,315
Restricted cash	2,663,808	2,634,035
Total cash and cash equivalents	**$ 2,812,352**	**$ 2,654,350**

(continued)

See notes to the financial statements.

Statements of Cash Flows (Continued)
Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (32,935,301)	$ (26,236,166)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	3,395,921	3,735,961
Provisions for doubtful accounts	1,575,997	5,468,147
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources which (used) provided cash:		
Accounts receivable	(1,205,751)	(240,667)
Inventory	(5,787)	27,484
Prepaid and other assets	(247,862)	(187,595)
Net OPEB asset	198,466	(2,951,749)
Deferred outflows of resources - Pension	5,560,686	6,441,907
Deferred outflows of resources - OPEB	(266,756)	621,618
Accounts payable and accrued expenses	(2,045,169)	(941,652)
Unearned revenue	(63,986)	727,985
Deferred inflows of resources - Pension	(3,380,845)	3,394,729
Deferred inflows of resources - OPEB	1,183,168	5,791,542
Net pension liability	(5,698,284)	(15,669,150)
Net OPEB liability	(2,327,344)	(10,014,959)
Net cash and cash equivalents used in operating activities	**$ (36,262,847)**	**$ (30,032,565)**

See notes to the financial statements.

Note 1 – Nature of Business

Cincinnati State Technical and Community College (the "College") is a community college organized under the laws of the State of Ohio. The College is a two-year institution of higher education receiving assistance from the State of Ohio through enrollment-based subsidies. The subsidies are determined annually based upon a formula devised by the Ohio Department of Higher Education, adjusted to consider state resources available. The College offers associate degree programs and majors and certificate programs in a distinctive plan of cooperative education that prepares students for employment and/or career advancement upon graduation. Furthermore, among other things, community college status allows the College to offer university transfer degrees (e.g., Associate of Art and Associate of Science degrees). The College is a component unit of the State of Ohio.

The Governmental Accounting Standards Board (GASB) provides guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting as a component unit an organization that raises and holds significant economic resources for the direct benefit of a government unit. The Cincinnati State Technical and Community College Foundation (the "Foundation") is being discretely presented as part of the College's reporting entity (although it is a legally separate entity and governed by its own board of directors) because its sole purpose is to provide support for the College. Furthermore, in accordance with GASB Statement No. 61, the Foundation is reported in separate columns on the College's financial statements to emphasize that it is legally separate from the College. Separate statements for the Foundation may be obtained through the State of Ohio auditor's website.

The Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation's financial information included in the College’s financial report to account for these differences.

The Foundation is an Ohio nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to receive contributions, which are to be used to support the educational undertakings of the College. The College provides certain administrative and payroll services for the Foundation.

Note 2 – Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB.

In accordance with GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*, and subsequent standards issued by GASB, the College reports as an entity engaged in business-type activities. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- *Net Investment in Capital Assets* - The College’s investment in capital assets, net of outstanding debt obligations and deferred gain on advance bond refunding related to the acquisition, construction, or improvement of those assets.

Note 2 – Significant Accounting Policies (continued)

- *Restricted - Expendable* - Resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

- *Restricted - Unexpendable* - Resources the College is legally or contractually obligated to retain in perpetuity.

- *Unrestricted* - The unrestricted component of net position represents assets, deferred outflows of resources, liabilities, and deferred inflows of resources whose use by the College is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board.

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College's business-type activities, including all assets, liabilities, net position, revenue, expenses, changes in net position, and cash flows.

Cash Equivalents

In accordance with the State of Ohio and college policy, the College is authorized to invest cash in United States government securities, federal agencies' securities, State of Ohio securities, and certificates of deposit, all of which are stated fair value. The College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The restricted cash balance represents debt service amounts to be paid by the College each year (see Note 7). At June 30, 2020 and 2019, the College had restricted cash of $2,663,808 and $2,634,035, respectively.

Accounts Receivable

Accounts receivable are stated at net invoice amounts and consist of amounts due for tuition and fees, grants, collaboration agreement, leases, and state appropriations. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. During 2020, the College wrote off a significant portion of uncollectible accounts receivable and corresponding allowance based on historical collection rates and an analysis of the collectability of individual accounts. The allowance for doubtful accounts on accounts receivable balances was $4,532,361 and $10,284,671 as of June 30, 2020 and 2019, respectively.

Investments

Investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of revenue, expenses, and changes in net position.

The College has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost.

Note 2 – Significant Accounting Policies (continued)

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase, and an expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are recorded at cost at date of acquisition or, in the case of gifts, acquisition value at date of donation. Additions greater than $5,000 are capitalized for furniture and fixtures and greater than $1,000 for all other assets. The cost of normal maintenance and repairs is not capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful life of the asset:

Building and improvements	15 – 60
Equipment and furniture	3 – 20
Land improvements	20
Library books and audio visual	20

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The government reports deferred outflows of resources for certain pension and OPEB related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Notes 16 and 17.

Deferred outflows also consist of deferred charges arising from the advance refunding of the 2002 bond issue as the difference between the reacquisition price and the net carrying amount of the old debt. The College recorded deferred outflows of $659,185 and $820,033 at June 30, 2020 and 2019, respectively, related to this transaction. See Note 7 for more information.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue relates primarily to summer-term tuition received prior to June 30. The remaining amount included in unearned revenue relates to grant and award monies received in excess of costs incurred as of year-end for college programs financed by government agencies and other organizations.

Note 2 – Significant Accounting Policies (continued)

Compensated Absences

College employees earn vacation and sick leave benefits based, in part, on length of service. Accumulated unpaid vacation and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences upon Separation from Service*; employees are paid their accumulated vacation and sick pay based upon the nature of the separation (termination, retirement, or death). Certain limits are 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 the limits are forfeited. The estimated and accrued liability is recorded at year end in the statement of net position, and the net change from the prior year is recorded as a component of operating expense in the statement of revenue, expenses, and changes in net position.

Pensions

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

Other Postemployment Benefit Costs

For the purpose of measuring the net other postemployment benefit (OPEB) asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the STRS and SERS pension plan and additions to/deductions from STRS' and SERS' fiduciary net position have been determined on the same basis as they are reported by STRS and SERS. STRS and SERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, STRS and SERS recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detail can be found in Notes 16 and 17.

Income Taxes

Income taxes have not been provided on the general operations of the College because, as a state institution, its income is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Note 2 – Significant Accounting Policies (continued)

Self-insurance

The College is self-insured for certain employee health programs. A liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, is recorded.

Grant and Scholarships

Student tuition and fees are presented net of scholarships and student financial aid applied directly to student accounts. Scholarships and student financial aid consist primarily of awards to students from certain government programs. Payments made directly to students from scholarships and student financial aid are presented as student aid expense.

Operating and Nonoperating Revenue and Expenses

All revenue and expenses from programmatic sources are considered to be operating revenue and expenses. Included in nonoperating revenue and expenses are state appropriations, investment income and gifts, and interest expense.

In addition, in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, and related implementation guidance, Pell Grants and certain other grants are considered nonexchange transactions and are recorded as nonoperating revenue.

Release of Restricted Funds

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenditures during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements

For the fiscal year ended June 30, 2020, the College implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement had no effect on beginning net position.

Note 2 – Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The College is currently evaluating the impact GASB Statement No. 87 may have on its financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* was issued to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for fiscal year 2022. The College is currently evaluating the impact GASB Statement No. 89 may have on its financial statements.

GASB Statement No. 90, *Majority Equity Interests—an Amendment of GASB Statement No.14 and No.61*, was issued to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB Statement No. 90 are effective for fiscal year 2021. The College is currently evaluating the impact GASB Statement No. 90 may have on its financial statements.

Note 3 – Cash, Cash Equivalents, and Investments

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. By Ohio law, financial institutions must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Eligible securities must be pledged to the College and deposited with a qualified trustee as security for repayment whose market value at all time shall be at least 105% of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value to be 102% of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2020, the carrying amount of the College's deposits (which consist of cash, excluding cash on hand of $15,500, deposits held by trustee, and investments) was $133,044 and the bank balance was $1,571,951. The difference between the carrying amount and the depository bank balance is due principally to outstanding checks and deposits-in-transit. Of the bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation. At June 30, 2019, the carrying amount of the College's deposits (which consist of cash, excluding cash on hand of $15,500, deposits held by trustee, and investments) was $4,815 and the bank balance was $1,503,108.

Note 3 – Cash, Cash Equivalents, and Investments (continued)

The College also has investment management agreements with U.S. Bank, as permitted by state statute. The agreements allow (within state limits) investment in both debt and equity instruments. Investments at June 30 were as follows:

	2020	2019
U.S. Treasury/Agency Securities	$ 6,632,722	$ 8,427,687
Money market funds	5,508	85,527
STAR Ohio funds	14,379,102	9,601,247
	$ 21,017,332	$ 18,114,461

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates and in accordance with state statutes, the College's investment policy limits portfolio maturities to five years or less.

As of June 30, 2020, the College's investment maturities were as follows:

	Measurement Value	Less than 1 year	1-5 Years	Percent of Total Portfolio	Credit Rating
U.S. Treasury Notes	$ 6,632,722	$ 2,289,116	$ 4,343,606	31.6%	N/A
Money market funds	5,508	5,508	-	0.0%	AAAm
STAR Ohio funds	14,379,102	14,379,102	-	68.4%	AAAm
	$ 21,017,332	$ 16,673,726	$ 4,343,606		

As of June 30, 2019, the College's investment maturities were as follows:

	Measurement Value	Less than 1 year	1-5 Years	Percent of Total Portfolio	Credit Rating
Federal National Mortgage Association	$ 797,975	$ 797,975	$ -	4.4%	AA+
Federal Home Loan Bank	1,705,365	1,705,365	-	9.4%	AA+
U.S. Treasury Notes	5,924,347	1,926,375	3,997,972	32.7%	N/A
Money market funds	85,527	85,527	-	0.5%	AAAm
STAR Ohio funds	9,601,247	9,601,247	-	53.0%	AAAm
	$ 18,114,461	$ 14,116,489	$ 3,997,972		

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy contains provisions to manage credit risk. Credit quality, as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of the potential variable cash flows and credit risk.

Note 3 – Cash, Cash Equivalents, and Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College's investment policy limits investments, at cost, to no more than 10 percent in any single issuer, except the investments of U.S. government securities.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of June 30, 2020 and 2019, the College had no exposure to foreign currency risk.

Note 4 – Fair Value Measurements

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

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

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

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Debt securities:				
U.S. Treasury Notes	$ -	$ 6,632,722	$ -	$ 6,632,722
Total assets	$ -	$ 6,632,722	$ -	$ 6,632,722

Note 4 – Fair Value Measurements (continued)

The College has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Debt securities:				
U.S. Treasury Notes	$ -	$ 5,924,347	$ -	$ 5,924,347
U.S. Agency Securities	-	2,503,340	-	2,503,340
Total assets	$ -	$ 8,427,687	$ -	$ 8,427,687

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

Short-term investment and investments on the statement of net position at June 30, 2020 and 2019 include money market investments of $5,508 and $85,527, respectively, and investments in STAR Ohio of $14,379,102 and $9,601,247, respectively. The money market investments and investments in STAR Ohio are measured at amortized costs or NAV; therefore, they are not included in the tables above.

The investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transactions to $100 million, requiring excess amounts to be transacted the following business day(s), but only to the $100 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Note 5 – Accounts Receivable

Accounts receivable, net of allowance for doubtful accounts, as of June 30 were as follows:

	2020	2019
Tuition and fees	$ 7,597,208	$ 14,027,827
Collaboration agreement	900,000	1,498,734
Grant and other	2,120,362	1,213,565
Leases	66,340	130,154
Less allowance for doubtful accounts	(4,532,361)	(10,284,671)
Total accounts receivable	6,151,549	6,585,609
Less long-term lease receivable	-	(66,340)
Total accounts receivable	$ 6,151,549	$ 6,519,269

Collaboration agreement accounts receivable are due to a public/private collaboration agreement (the "Agreement") entered into in 2012 with Higher Education Partners, LLC (HEP). The Agreement governs the operations of the College's campus in Middletown, Ohio, which HEP leases from a third party. Under the terms of the Agreement, the College collects all revenue related to the Agreement, HEP is responsible for direct costs related to management, repair, and operation of the facility, and the College is responsible for direct costs of academic programs covered by the Agreement. The Agreement term, as amended in 2014, expires in 2042. HEP and College have reached a tentative agreement amending the Agreement to better reflect the economics of the current Middletown campus enrollment.

The collaboration agreement net receivable at June 30, 2020 and 2019 was $900,000 and $1,498,734, respectively. Revenue in excess of expenses reduced the receivable in fiscal year 2020. The collaboration agreement receivable includes amounts due to the College for assets financed via the College's capital leases. Annual principal and interest payments under these leases for the years ending June 30 are as follows:

Years Ending	Principal	Interest	Total
2021	$ 66,340	$ 1,337	$ 67,677

The net decrease in accounts receivable for tuition and fees and the allowance for doubtful accounts in 2020 compared to 2019 is attributable to decreases adjustments to allowance for doubtful accounts to reflect actual collections, and changes in financial aid disbursements that improved collections of tuition and fees. Grant accounts receivable increased primarily due to the CARES Act, federal stimulus allocated to the College in reaction to the 2020 health crisis.

Note 6 – Capital Assets

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

	Balance July 1, 2019	Additions	Transfers and Disposals	Balance at June 30, 2020
Nondepreciable assets:				
Land	$ 2,272,609	$ -	$ -	$ 2,272,609
Construction in progress	1,303,786	-	(1,303,786)	-
Total nondepreciable assets	3,576,395	-	(1,303,786)	2,272,609
Depreciable assets:				
Building and improvements	133,566,509	4,290,707	(669,670)	137,187,546
Equipment and furniture	8,600,696	146,088	(78,973)	8,667,811
Land improvements	2,675,389	-	-	2,675,389
Library books and audio visual	1,276,201	23,348	-	1,299,549
Total depreciable assets	146,118,795	4,460,143	(748,643)	149,830,295
Accumulated depreciation:				
Building and improvements	64,444,368	2,979,002	(238,210)	67,185,160
Equipment and furniture	7,212,655	258,612	(78,973)	7,392,294
Land improvements	2,094,327	89,614	-	2,183,941
Library books and audio visual	773,536	68,693	-	842,229
Total accumulated depreciation	74,524,886	3,395,921	(317,183)	77,603,624
Net capital assets, depreciable	71,593,909	1,064,222	(431,460)	72,226,671
Net capital assets	$ 75,170,304	$ 1,064,222	$ (1,735,246)	$ 74,499,280

Note 6 – Capital Assets (continued)

	Balance July 1, 2018	Additions	Transfers and Disposals	Balance at June 30, 2019
Nondepreciable assets:				
Land	$ 2,272,609	$ -	$ -	$ 2,272,609
Construction in progress	-	1,303,786	-	1,303,786
Total nondepreciable assets	2,272,609	1,303,786	-	3,576,395
Depreciable assets:				
Building and improvements	131,685,110	1,881,399	-	133,566,509
Equipment and furniture	8,223,578	389,113	(11,995)	8,600,696
Land improvements	2,675,389	-	-	2,675,389
Library books and audio visual	1,256,110	20,091	-	1,276,201
Total depreciable assets	143,840,187	2,290,603	(11,995)	146,118,795
Accumulated depreciation:				
Building and improvements	61,278,401	3,165,967	-	64,444,368
Equipment and furniture	6,882,729	332,098	(2,172)	7,212,655
Land improvements	1,998,305	96,022	-	2,094,327
Library books and audio visual	631,662	141,874	-	773,536
Total accumulated depreciation	70,791,097	3,735,961	(2,172)	74,524,886
Net capital assets, depreciable	73,049,090	(1,445,358)	(9,823)	71,593,909
Net capital assets	$ 75,321,699	$ (141,572)	$ (9,823)	$ 75,170,304

Equipment and improvements recorded under capital leases amounts to $4,032,597 at June 30, 2020 and 2019. Accumulated depreciation and amortization related to these assets amounted to $3,199,317 and $2,913,773 for the years ended June 30, 2020 and 2019, respectively.

Note 7 – Long-term Debt

Long-term debt activity for the years ended June 30, 2020 and 2019 can be summarized as follows:

	2020				
	Balance July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
Bonds payable:					
General receipts bonds	$ 29,895,000	$ -	$ (2,655,000)	$ 27,240,000	$ 2,715,000
Bond premium	753,187	-	(144,881)	608,306	130,862
Total bonds payable	30,648,187	-	(2,799,881)	27,848,306	2,845,862
Capital lease obligation	477,004	-	(230,215)	246,789	165,970
Total	$ 31,125,191	$ -	$ (3,030,096)	$ 28,095,095	$ 3,011,832

	2019				
	Balance July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
Bonds payable:					
General receipts bonds	$ 32,485,000	$ -	$ (2,590,000)	$ 29,895,000	$ 2,655,000
Bond premium	911,767	-	(158,580)	753,187	144,881
Total bonds payable	33,396,767	-	(2,748,580)	30,648,187	2,799,881
Capital lease obligation	987,914	-	(510,910)	477,004	230,215
Total	$ 34,384,681	$ -	$ (3,259,490)	$ 31,125,191	$ 3,030,096

During the year ended June 30, 2003, the College issued General Receipts Bonds, Series 2002 for $47,580,000 that bore interest rates between 2.25 percent and 5.25 percent and mature in 2029. Proceeds were used for paying costs of capital facilities. The bonds were collateralized by a pledge of general receipts of the College. The bond agreement includes certain covenants and guidelines related to the College's indebtedness.

On February 23, 2012, the College issued $38,775,000 in General Receipts Refunding Bonds, Series 2012 with an average effective interest rate of 3.33 percent that mature in 2029 to advance refund $36,815,000 of the outstanding Series 2002 bonds. The net proceeds of $40,470,000 (after payment of $440,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on these 2002 Series bonds. As a result, these 2002 Series bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net position. The defeased 2002 Series Bonds were paid in full in 2013 from the proceeds placed in the trust described above. The Series 2012 bond agreement also includes certain covenants and guidelines related to the College's indebtedness.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,370,000. This difference, reported as a deferred outflow on the statement of net position, is being charged to operations through the year 2029 using the effective-interest method.

Note 7 – Long-term Debt (continued)

The annual debt service requirements to maturity for the above bonds and note obligations for the years ending June 30 are as follows:

Years Ending	Principal	Interest	Total
2021	$ 2,715,000	$ 910,025	$ 3,625,025
2022	2,800,000	818,000	3,618,000
2023	2,900,000	718,856	3,618,856
2024	3,025,000	588,975	3,613,975
2025	3,135,000	468,269	3,603,269
2026-2029	12,665,000	763,106	13,428,106
Total	$ 27,240,000	$ 4,267,231	$ 31,507,231

Future minimum lease payments under capital lease obligations for the years ending June 30 were as follows:

Years Ending	Principal	Interest	Total
2021	$ 165,970	$ 7,612	$ 173,582
2022	64,275	2,687	66,962
2023	16,544	197	16,741
Total	$ 246,789	$ 10,496	$ 257,285

Note 8 – Employee Benefit Plans

College employees are covered by one of three retirement options. The College faculty is covered by the State Teachers Retirement System of Ohio (STRS). Other employees are covered by the State Employees Retirement System of Ohio (SERS). These plans are statewide, multi-employer, cost sharing defined benefit plans. See Notes 16 and 17 for further information. Employees may opt out of STRS or SERS and participate in the alternative retirement plan (ARP) if they meet certain eligibility requirements.

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an ARP for academic and administrative College employees of public institutions of higher education who are currently covered by STRS or SERS. The College board of trustees adopted such a plan effective March 31, 1999.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers were required to remit employer contributions to STRS Ohio at a rate of 4.47 and 4.50 percent for the years ended June 30, 2020 and 2019, respectively. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting. The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the years ended June 30, 2020 and 2019, were $251,689 and $237,970, respectively.

Note 9 – Compensated Absences

All full-time nonunion and union (SEIU) employees earn 15 days (or 120 hours) of personal and/or sick leave each year. All remaining full-time employees earn 13 days (or 104 hours) of personal and/or sick leave each year. Part-time SEIU employees have sick leave prorated according to their normal work schedule.

Leave days may be accumulated and are absorbed by time off due to illness or injury, or, within certain limitations, paid to the employee upon retirement or termination. The amount paid to an employee upon retirement or termination is limited to one-third of the accumulated leave days up to a maximum payout of 65 days. Full-time employees who are not in the College's American Association of University Professors bargaining unit and were hired on or after March 1, 1990 are entitled to a maximum payout of 30 days. The College has accrued a liability for all sick leave for which payment is deemed probable. This liability is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

At June 30, 2020 and 2019, the liability for personal and/or sick leave was approximately $490,000 and $561,000, respectively.

Contract employees earn 20 days of vacation leave each year. Noncontract employees earn 10 days of vacation leave after one full year of service, 15 days after five years, and 20 days after 10 years. Upon retirement or termination, an employee is entitled to payment for all accrued vacation days up to a maximum of three times the annual vacation leave earned. The College has accrued a vacation liability for all employees equal to amounts earned but not taken up to the maximum. At June 30, 2020 and 2019, the liability for vacation was approximately $1,419,000 and $1,281,000, respectively.

Note 10 – Grants and Contracts

The College receives grants and contracts from certain federal, state, and local agencies. The costs, both direct and indirect, that have been charged to the grant or contract are subject to examination and approval by the granting agency. It is the opinion of the College administration that any disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

Note 11 – Auxiliary Enterprises

Revenue and expenses of the College's auxiliary enterprises for the year ended June 30, 2020 consist of the following:

	Parking	Food Services	Airport	Childcare Center	MCI	Total
Revenue	$ 550,094	$ 517,052	$ 263,547	$ 351,206	$ 170,797	$ 1,852,696
Expenses	(327,860)	(725,061)	(196,451)	(377,703)	(283,652)	(1,910,727)
Excess (deficiency) of revenue over expenses	$ 222,234	$ (208,009)	$ 67,096	$ (26,497)	$ (112,855)	$ (58,031)

Note 11 – Auxiliary Enterprises (continued)

Revenue and expenses of the College's auxiliary enterprises for the year ended June 30, 2019 consist of the following:

	Parking	Food Services	Airport	Childcare Center	MCI	Total
Revenue	$ 762,577	$ 705,689	$ 289,649	$ 451,681	$ 236,267	$ 2,445,863
Expenses	(530,698)	(792,886)	(231,354)	(437,010)	(471,694)	(2,463,642)
Excess (deficiency) of revenue over expenses	$ 231,879	$ (87,197)	$ 58,295	$ 14,671	$ (235,427)	$ (17,779)

Note 12 – Restricted Net Position

The balances in restricted net position that are expendable for use of the debt service facility fee for the years ended June 30, 2020 and 2019 are $601,395 and $1,021,665, respectively.

Note 13 – Risk Management

The College is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, injuries to employees, employee health claims, unemployment compensation claims, and environmental damage. The College has purchased commercial insurance to cover losses. There has been no reduction in insurance coverage. Insurance settlements for claims resulting from risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

The College is self-insured for health claims and estimates the liability for health claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The liability is recorded within other accrued liabilities in the statement of net position. Changes in the estimated liability for fiscal years ended June 30, 2020, 2019 and 2018 were as follows:

	Health Claims		
	2020	2019	2018
Unpaid claims - beginning of year	$ 1,016,359	$ 536,359	$ 447,184
Incurred claims, including claims incurred but not reported	4,634,309	5,724,270	5,161,983
Claim payments	(4,514,309)	(5,244,270)	(5,072,808)
Total	$ 1,136,359	$ 1,016,359	$ 536,359

Note 14 – Pending Litigation

The College is named a party to a number of lawsuits in the normal course of business. The College is unable to reasonably estimate the value or assess the probability of any outcomes and, therefore, did not record an accrual at June 30, 2020 or 2019. It is possible that these lawsuits could have a material adverse effect on the College's financial position or results of operations.

Note 15 – Component Unit

The College is the sole beneficiary of the Cincinnati State Technical and Community College Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting educational activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to $1,075,444 and $1,145,562 for the years ended June 30, 2020 and 2019, respectively.

The following is a summary of the Foundation investments at June 30:

	2020	2019
Cash equivalents	$ 997,450	$ 305,261
Equity securities	5,984,445	7,071,842
Debt securities	2,690,060	2,637,327
Real estate investments	18,897	26,564
Alternative investments	410,212	392,121
Total	$ 10,101,064	$ 10,433,115

The Foundation has the following recurring fair value measurements as of June 30, 2020 and 2019:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2020
Investments:				
Equities - common stocks	$ 3,503,734	$ -	$ -	$ 3,503,734
Equities - mutual funds	2,455,585	-	-	2,455,585
Fixed income - preferred stock	25,126	-	-	25,126
Fixed income - mutual funds	2,477,663	-	-	2,477,663
Fixed income - corporate bonds	203,901	-	-	203,901
Fixed income - U.S. Government	8,496	-	-	8,496
Real estate mutual funds	18,897	-	-	18,897
Alternative mutual funds	410,212	-	-	410,212
Total assets	$ 9,103,614	$ -	$ -	$ 9,103,614

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2019
Investments:				
Equities - common stocks	$ 4,050,916	$ -	$ -	$ 4,050,916
Equities - mutual funds	3,005,813	-	-	3,005,813
Fixed income - preferred stock	15,114	-	-	15,114
Fixed income - mutual funds	2,455,021	-	-	2,455,021
Fixed income - corporate bonds	172,594	-	-	172,594
Fixed income - U.S. Government	9,711	-	-	9,711
Real estate mutual funds	26,564	-	-	26,564
Alternative mutual funds	392,121	-	-	392,121
Total assets	$ 10,127,854	$ -	$ -	$ 10,127,854

Note 15 – Component Unit (continued)

Net assets with donor restrictions of the Foundation as of June 30 are available for the following purposes:

	2020	2019
Pledges receivable	$ 480,794	$ 301,420
Special purpose funds	4,595,042	3,588,531
Income on endowments	(34,919)	572,458
Endowment funds - perpetual portion	7,195,014	6,895,911
Total	$ 12,235,931	$ 11,358,320

Note 16 – Defined Benefit 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 each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each 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.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the way 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 each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in accrued liabilities.

Note 16 – Defined Benefit Pension Plans (continued)

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The College's contractually required contribution to SERS was $1,632,689 and $1,680,977 for fiscal years 2020 and 2019, respectively.

Note 16 – Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 30 years of service regardless of age. Increases in age and service requirements increase effective August 1, 2015 and will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Note 16 – Defined Benefit Pension Plans (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal years ended June 30, 2020 and 2019, plan members were required to contribute 14% of their annual covered salary. The College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal years 2020 and 2019 contribution rates were equal to the statutory maximum rates.

The College’s contractually required contribution to STRS was approximately $2,519,777 and $2,681,466 for fiscal years 2020 and 2019, respectively.

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

The net pension liability reported at June 30, 2020 and 2019 was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 years 2020 and 2019:

Fiscal Year 2020	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 21,305,522	$ 36,762,313	$ 58,067,835
Proportion of Net Pension Liability	0.356090551%	0.166236996%	
Change in Proportion	-0.052073313%	-0.017455334%	
Pension Expense (Negative)	$ (137,181)	$ 771,204	$ 634,023
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 540,261	$ 299,305	$ 839,566
Change in assumptions	-	4,318,444	4,318,444
Change in the College's proportionate share and difference in employer contributions	462,559	-	462,559
College contributions subsequent to the measurement date	1,632,689	2,519,777	4,152,466
	$ 2,635,509	$ 7,137,526	$ 9,773,035
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (159,136)	$ (159,136)
Net difference between projected and actual earnings on pension plan investments	(273,483)	(1,796,742)	(2,070,225)
Change in the College's proportionate share and difference in employer contributions	(3,047,547)	(7,187,570)	(10,235,117)
	$ (3,321,030)	$ (9,143,448)	$ (12,464,478)

Note 16 – Defined Benefit Pension Plans (continued)

Fiscal Year 2019	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 23,376,300	$ 40,389,819	$ 63,766,119
Proportion of Net Pension Liability	0.408163864%	0.183692330%	
Change in Proportion	-0.117637584%	-0.018451907%	
Pension Expense (Negative)	$ (1,506,388)	$ 36,317	$ (1,470,071)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 1,282,043	$ 932,321	$ 2,214,364
Change in assumptions	527,887	7,157,838	7,685,725
Change in the College's proportionate share and difference in employer contributions	1,071,189	-	1,071,189
College contributions subsequent to the measurement date	1,680,977	2,681,466	4,362,443
	$ 4,562,096	$ 10,771,625	$ 15,333,721
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (263,769)	$ (263,769)
Net difference between projected and actual earnings on pension plan investments	(647,686)	(2,449,195)	(3,096,881)
Change in the College's proportionate share and difference in employer contributions	(4,299,023)	(8,185,650)	(12,484,673)
	$ (4,946,709)	$ (10,898,614)	$ (15,845,323)

$4,152,466 reported as deferred outflows of resources related to pension at June 30, 2020 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (1,419,802)	$ (1,037,779)	$ (2,457,581)
2022	(1,035,307)	(1,425,779)	(2,461,086)
2023	(18,199)	(1,604,450)	(1,622,649)
2024	155,098	(457,691)	(302,593)
	$ (2,318,210)	$ (4,525,699)	$ (6,843,909)

Note 16 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS

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

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

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

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

Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females for active members. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Note 16 – Defined Benefit Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class in measurement years 2019 and 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate – Total pension liability was calculated using the discount rate of 7.5% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Fiscal Year 2020			
College's proportionate share of the net pension liability	$ 29,856,653	$ 21,305,522	$ 14,134,328
Fiscal Year 2019			
College's proportionate share of the net pension liability	$ 32,927,282	$ 23,376,300	$ 15,368,442

Note 16 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions – STRS

The total pension liability in the July 1, 2019 and 2018 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0%

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

Note 16 – Defined Benefit Pension Plans (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019 and 2018.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

Fiscal Year 2020	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability	$ 53,724,024	$ 36,762,313	$ 22,403,355
Fiscal Year 2019			
College's proportionate share of the net pension liability	$ 58,984,014	$ 40,389,819	$ 24,652,356

Note 17 – Postemployment Benefits Other than Pensions (OPEB)

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or 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 liability (asset) represents the College's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (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.

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which 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 Ohio Revised Code 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 liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability or fully-funded benefits 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 accrued liabilities.

<u>Plan Description - School Employees Retirement System</u>

Health Care Plan Description – The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, there was no portion allocated to health care. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years 2020 and 2019, the minimum compensation amount was $19,600 and $21,600, respectively. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years 2020 and 2019, the College's surcharge obligation was $68,067 and $103,677, respectively.

The surcharge, added to the allocated portion of the 14% employer contribution rate, is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was $68,067 and $165,935 for fiscal years 2020 and 2019, respectively.

<u>Plan Description - State Teachers Retirement System</u>

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

<u>OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

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

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

The following is information related to the College's proportionate share, OPEB expense, and deferred inflows and outflows for fiscal years 2020 and 2019:

Fiscal Year 2020	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ 8,611,784	$ (2,753,283)	$ 5,858,501
Proportion of Net OPEB Liability (Asset)	0.342445492%	0.166236996%	
Change in Proportion	-0.051861020%	-0.017455334%	
OPEB Expense (Negative)	$ (171,598)	$ (972,801)	$ (1,144,399)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 126,413	$ 249,608	$ 376,021
Net difference between projected and actual earnings on OPEB plan investments	20,671	-	20,671
Change in assumptions	628,994	57,876	686,870
Change in the College's proportionate share and difference in employer contributions	148,660	-	148,660
College contributions subsequent to the measurement date	68,067	-	68,067
	$ 992,805	$ 307,484	$ 1,300,289
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (1,891,948)	$ (140,075)	$ (2,032,023)
Net difference between projected and actual earnings on OPEB plan investments	-	(172,924)	(172,924)
Change in assumptions	(482,579)	(3,018,657)	(3,501,236)
Change in the College's proportionate share and difference in employer contributions	(2,866,951)	(648,513)	(3,515,464)
	$ (5,241,478)	$ (3,980,169)	$ (9,221,647)

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Fiscal Year 2019	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ 10,939,128	$ (2,951,749)	$ 7,987,379
Proportion of Net OPEB Liability (Asset)	0.394306511%	0.183692330%	
Change in Proportion	-0.092595289%	-0.018451907%	
OPEB Expense (Negative)	$ 124,248	$ (6,511,861)	$ (6,387,613)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 178,563	$ 344,770	$ 523,333
Change in the College's proportionate share and difference in employer contributions	344,265	-	344,265
College contributions subsequent to the measurement date	165,935	-	165,935
	$ 688,763	$ 344,770	$ 1,033,533
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ (171,978)	$ (171,978)
Net difference between projected and actual earnings on OPEB plan investments	(16,413)	(337,212)	(353,625)
Change in assumptions	(982,797)	(4,021,993)	(5,004,790)
Change in the College's proportionate share and difference in employer contributions	(1,850,547)	(657,539)	(2,508,086)
	$ (2,849,757)	$ (5,188,722)	$ (8,038,479)

$68,067 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or asset in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (935,836)	$ (787,081)	$ (1,722,917)
2022	(844,348)	(787,081)	(1,631,429)
2023	(838,281)	(717,775)	(1,556,056)
2024	(839,268)	(693,463)	(1,532,731)
2025	(748,383)	(678,442)	(1,426,825)
2026	(110,624)	(8,843)	(119,467)
	$ (4,316,740)	$ (3,672,685)	$ (7,989,425)

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Actuarial Assumptions – SERS

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

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

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

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

	June 30, 2019	June 30, 2018
Investment Rate of Return	7.50% net of investment expense, including inflation	7.50% net of investment expense, including inflation
Wage Inflation	3.00%	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%	3.50% to 18.20%
Municipal Bond Index Rate:		
Prior Measurement Date	3.62%	3.56%
Measurement Date	3.13%	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Prior Measurement Date	3.70%	3.63%
Measurement Date	3.22%	3.70%
Medical Trend Assumption:		
Pre-Medicare	7.00% - 4.75%	7.25% - 4.75%
Medicare	5.25% - 4.75%	5.375% - 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. PR-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability at June 30, 2018 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13% as of June 30, 2019 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for fiscal years 2020 and 2019, calculated using the discount rate of 3.22% and 3.70%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22% and 2.70%) and one percentage point higher (4.22% and 4.70%) than the current rate, all respectively.

Fiscal Year 2020	1% Decrease (2.22%)	Discount Rate (3.22%)	1% Increase (4.22%)
College's proportionate share of the net OPEB liability	$ 10,453,072	$ 8,611,784	$ 7,147,744

Fiscal Year 2019	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
College's proportionate share of the net OPEB liability	$ 13,273,772	$ 10,939,128	$ 9,090,527

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current rates.

Fiscal Year 2020	1% Decrease (6.00% decreasing to 3.75%)	Trend Rate (7.00% decreasing (to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
College's proportionate share of the net OPEB liability	$ 6,899,783	$ 8,611,784	$ 10,883,194

Fiscal Year 2019	1% Decrease (6.25% decreasing to 3.75%)	Trend Rate (7.25% decreasing (to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
College's proportionate share of the net OPEB liability	$ 8,825,869	$ 10,939,128	$ 9,090,527

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Actuarial Assumptions – STRS

The total OPEB asset in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	5.87%	4.00%
Medicare	4.98%	4.00%
Prescription Drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

The total OPEB asset in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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

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

Since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

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

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.
** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Note 17 – Postemployment Benefits Other than Pensions (OPEB) (continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the College's proportionate share of the net OPEB liability (asset) for fiscal years 2020 and 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the College's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB liability (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

Fiscal Year 2020	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net OPEB asset	$ 2,349,379	$ 2,753,283	$ 3,092,873
Fiscal Year 2019			
College's proportionate share of the net OPEB asset	$ 2,529,925	$ 2,951,749	$ 3,306,271

Fiscal Year 2020	1% Decrease In Trend Rates	Current Trend Rate	1% Increase In Trend Rates
College's proportionate share of the net OPEB asset	$ 3,122,097	$ 2,753,283	$ 2,301,576
Fiscal Year 2019			
College's proportionate share of the net OPEB asset	$ 3,286,258	$ 2,951,749	$ 2,612,028

Note 18 – Contingencies

The College receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. It is the opinion of management that any potential disallowance of claims would not have a significant effect on the financial statements.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures impacted the second half of fiscal year 2020 and will impact subsequent periods of the College. The impact on the College’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Required Supplementary Information

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (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	0.552480%	$ 32,863,825	$ 13,568,331	242.21%	65.52%
2015	0.552480%	27,960,496	16,190,556	172.70%	71.70%
2016	0.531580%	30,332,704	17,016,821	178.25%	69.16%
2017	0.494530%	36,195,370	16,946,914	213.58%	62.98%
2018	0.525801%	31,415,472	15,613,571	201.21%	69.50%
2019	0.408164%	23,376,300	13,824,319	169.10%	71.36%
2020	0.356091%	21,305,522	12,451,681	171.11%	70.85%

(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.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

Changes of benefit and funding terms. In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (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	0.255070%	$ 73,704,017	$ 27,967,369	263.54%	69.30%
2015	0.255070%	62,041,175	27,964,615	221.86%	74.70%
2016	0.236330%	65,314,417	24,256,614	269.26%	72.10%
2017	0.210860%	70,579,678	23,318,900	302.67%	66.80%
2018	0.202144%	48,019,797	22,633,264	212.16%	75.30%
2019	0.183692%	40,389,819	21,400,579	188.73%	77.30%
2020	0.166237%	36,762,313	19,153,329	191.94%	77.40%

(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.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College Pension Contributions
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	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	$ 1,877,857	$ (1,877,857)	$ -	$ 13,568,331	13.84%
2014	2,244,011	(2,244,011)	-	16,190,556	13.86%
2015	2,242,817	(2,242,817)	-	17,016,821	13.18%
2016	2,372,568	(2,372,568)	-	16,946,914	14.00%
2017	2,185,900	(2,185,900)	-	15,613,571	14.00%
2018	1,866,283	(1,866,283)	-	13,824,319	13.50%
2019	1,680,977	(1,680,977)	-	12,451,681	13.50%
2020	1,632,689	(1,632,689)	-	11,662,064	14.00%

(1) Information prior to 2013 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College Pension Contributions
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	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	$ 3,635,758	$ (3,635,758)	$ -	$ 27,967,369	13.00%
2014	3,635,400	(3,635,400)	-	27,964,615	13.00%
2015	3,395,926	(3,395,926)	-	24,256,614	14.00%
2016	3,264,646	(3,264,646)	-	23,318,900	14.00%
2017	3,168,657	(3,168,657)	-	22,633,264	14.00%
2018	2,996,081	(2,996,081)	-	21,400,579	14.00%
2019	2,681,466	(2,681,466)	-	19,153,329	14.00%
2020	2,519,777	(2,519,777)	-	17,998,407	14.00%

(1) Information prior to 2013 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1) (2)

	College's Proportion of the Net OPEB Liability	College's Proportionate Share of the Net OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.494535%	$ 13,878,502	$ 16,946,914	81.89%	11.49%
2018	0.486902%	13,067,165	15,613,571	83.69%	12.46%
2019	0.394307%	10,939,128	13,824,319	79.13%	13.57%
2020	0.342445%	8,611,784	12,451,681	69.16%	15.57%

(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.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

Change in benefit and funding terms. In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Four Fiscal Years (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	0.210716%	$ 11,269,138	$ 23,318,900	48.33%	37.30%
2018	0.202144%	7,886,922	22,633,264	34.85%	47.11%
2019	0.183692%	(2,951,749)	21,400,579	(13.79%)	176.00%
2020	0.166237%	(2,753,283)	19,153,329	(14.37%)	174.70%

(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.

Notes to Schedule:

Change in assumption. For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* , and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

Change in benefit terms. For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement eliminationdate was postponed to January 1, 2021.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College OPEB Contributions
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 87,873	$ (87,873)	$ -	$ 16,946,914	0.52%
2017	80,959	(80,959)	-	15,613,571	0.52%
2018	785,193	(785,193)	-	13,824,319	5.68%
2019	165,935	(165,935)	-	12,451,681	1.33%
2020	68,067	(68,067)	-	11,662,064	0.58%

(1) 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.

(2) Includes Surcharge

Cincinnati State Technical and Community College
Required Supplementary Information
Schedule of College OPEB Contributions
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 23,318,900	0.00%
2017	-	-	-	22,633,264	0.00%
2018	-	-	-	21,400,579	0.00%
2019	-	-	-	19,153,329	0.00%
2020	-	-	-	17,998,407	0.00%

(1) 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.

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

Supplemental Information

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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
Cincinnati State Technical and Community College
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Cincinnati State Technical and Community College (the "College"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 15, 2020.

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

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

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

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
October 15, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Cincinnati State Technical and Community College
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program
We have audited Cincinnati State Technical and Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The College’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the College as of and for the year ended June 30, 2020, and have issued our report thereon dated October 15, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 25, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant or Pass Through Number	Expenditures
U.S. Department of Education			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grant	84.007	N/A	$ 259,185
Federal Work-Study Program	84.033	N/A	218,804
Federal Pell Grant Program	84.063	N/A	12,284,261
Federal Direct Student Loans	84.268	N/A	15,131,776
Total Student Financial Aid Cluster			27,894,026
TRIO Cluster:			
TRIO - Student Support Services	84.042A	N/A	334,465
TRIO - Upward Bound	84.047A	N/A	351,149
TRIO - Educational Opportunity Centers	84.066	N/A	299,490
Total TRIO Cluster			985,104
COVID-19 - Higher Education Emergency Relief Fund:			
Student Aid Portion	84.425E	N/A	677,800
Institutional Portion	84.425F	N/A	163,352
Total Higher Education Emergency Relief Fund			841,152
Passed through the Ohio Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	V048A190035	293,504
Passed through the Ohio Department of Higher Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	2,200
Child Care Access Means Parents in School	84.335	N/A	69,765
Total U.S. Department of Education			30,085,751
U.S. Department of Agriculture			
Passed through the Ohio Department of Education:			
Child and Adult Care Food Program	10.558	N/A	21,110
COVID-19 - Child and Adult Care Food Program	10.558	N/A	1,453
			22,563
Child Nutrition Cluster:			
Summer Food Service Program for Children (SFSPC)	10.559	N/A	1,762
Total Child Nutrition Cluster			1,762
Total U.S. Department of Agriculture			24,325
U.S. Department of Labor			
Passed through the University of Cincinnati:			
H-1B Job Training Grants - NEXT Apprecticeship Grant	17.282	HG-33044-19-60-A-39	13,368
Total U.S. Department of Labor			13,368
U.S. Department of Transportation			
Airport Improvement Program	20.106	N/A	328,955
Total U.S. Department of Transportation			328,955

(continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant or Pass Through Number	Expenditures
U.S. Department of the Treasury			
Passed through the Ohio Department of Higher Education:			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	273,583
Total U.S. Department of the Treasury			273,583
National Aeronautical and Space Administration			
Passed through the Ohio Aerospace Institute:			
Education - Ohio Space Grant	43.008	NNX14AR49A	4,657
Total National Aeronautical and Space Administration			4,657
National Science Foundation			
Passed through The Ohio State University:			
Education and Human Resources - Louis Stokes Alliance for Minority Participation	47.076	60042097-CSTCC	5,778
Total National Science Foundation			5,778
U.S. Department of Health and Human Services			
Chafee Education and Training Vouchers Program (ETV)	93.599	N/A	2,070
Total U.S. Department of Health and Human Services			2,070
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 30,738,487

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
Year End June 30, 2020

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Cincinnati State Technical and Community College (the "College") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

Note 3 – Matching Requirements

Certain Federal programs require the College to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The College has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Note 4 – Loan Programs

The College originates but does not provide funding under the Direct Loan Program. The amount presented represents the value of new Direct Loans awarded by the Department of Education during the year.

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major program:

Student Financial Aid Cluster:
CFDA# 84.007 – Federal Supplemental Educational Opportunity Grants
CFDA# 84.033 – Federal Work-Study Program
CFDA# 84.063 – Federal Pell Grant Program
CFDA# 84.268 – Federal Direct Student Loans

Higher Education Emergency Relief Fund:
CFDA# 84.425E – Student Aid Portion
CFDA# 84.425F – Institutional Portion

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

Finding 2020-001

Federal Program Information:	Pell Grant, CFDA No. 84.063
Criteria:	For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for full-time, three-quarter-time, half-time, and less-than-half-time students.
Condition:	For one student in a sample of twenty-five, the College incorrectly calculated and awarded a Pell Grant.
Questioned Costs:	Questioned costs for the over-award was $606.
Context:	In a sample of twenty-five students receiving Title IV funds, one student was over-awarded and over-disbursed a Pell grant.
Cause/Effect:	Pell grants are awarded through an automated process. The College's financial aid software automatically adjusts Pell award amounts to coincide with the schedules provided by the Department of Education and the student enrollment status and COA. Based on an incorrect enrollment status manually adjusted in the software, the system incorrectly calculated the Pell award amount, which resulted in an over-award of $606 in Pell grant funds.
Recommendation:	We recommend implementing policies and establishing monitoring procedures governing the awarding process to ensure manual adjustments are properly documented and reviewed and Pell Grants calculated by the financial aid software are awarded in accordance with federal guidelines.
Management Response:	The College agrees with the finding and has implemented appropriate procedures. Please refer to the College's corrective action plan presented on page 77.

Section IV – Summary of Prior Audit Findings and Questioned Costs

None noted

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Cincinnati State Technical and Community College
Corrective Action Plan
June 30, 2020

Finding Number: 2020-001

Condition: For one student in a sample of twenty-five, the College incorrectly calculated and awarded a Pell Grant.

Planned Corrective Action: Student was enrolled in a part-time cooperative education class, which calls for the Office of Financial Aid to manually adjust the Federal Pell Grant by removing the Pell Grant disbursement rule. Student subsequently dropped the cooperative education class and the rule was not put back in place to adjust the Federal Pell Grant accordingly. The entire cooperative education class review for financial aid process is manual. To ensure the correct Federal Pell Grant is disbursed, the office has added an additional manual review of all cooperative education classes prior to disbursement. This review looks for dropped cooperative education classes. When a student is identified, who dropped the cooperative education class, the Federal Pell Grant disbursement rule is added back to the financial aid management system, Colleague, so the correct amount of Federal Pell Grant is disbursed.

Contact person responsible for corrective action: Penny Parsons

Anticipated Completion Date: October 2020

OHIO AUDITOR OF STATE
KEITH FABER

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/23/2021

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