

**SINCLAIR COMMUNITY COLLEGE
MONTGOMERY COUNTY**



**FINANCIAL
STATEMENTS**

*FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022*



OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Sinclair Community College, Montgomery County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 05, 2023

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SINCLAIR COMMUNITY COLLEGE
MONTGOMERY COUNTY
DAYTON, OHIO

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Sinclair Community College (the "College"), a component unit of the State of Ohio, as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and of the discretely presented component unit of the College as of June 30, 2023 and 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note A to the financial statements, in 2023, the College adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Sinclair Community College

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the College's proportionate share of the net pension liability, the schedules of the College's pension contributions, the schedules of the College's proportionate share of the net OPEB liability, and the schedules of the College's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

To the Board of Trustees
Sinclair Community College

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 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, 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.

Plante & Moran, PLLC

November 13, 2023

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Introduction

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

Management's discussion and analysis (MD&A) of the College's financial performance provides an overview of the College's financial activities for the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the College's financial statements, which begin on page 20.

Financial and Institutional Highlights

Sinclair Community College realized many important achievements as related to its mission and strategic priorities. Several of these are discussed below.

- Sinclair participated in a pilot program offering Pell scholarship awards to prison students. During a period of declining enrollment elsewhere, Sinclair increased their prison students served by 31%, with 48% of those students receiving at least some Pell award.
- In keeping with the goals of the comprehensive completion plan, the College continued to deliver strong student achievement, awarding over 9,600 credentials to roughly 7,300 individual students. During the process of delivering education, Sinclair continually seeks to expedite and lower the cost of students' progress toward their educational goals.
- As a result of continuous improvements in student course completions, credit accumulations and credential completions, the College received an increased share of performance-based state funding for an eighth consecutive year.
- Sinclair's financial health remains strong due to the prudent planning and vigilance of the Board of Trustees, administration and other college leaders. The College's fiscal health as measured by the Ohio Senate Bill 6 accountability scorecard was a score of 5.0 out of 5.0 for fiscal 2023.
- Sinclair continued to enjoy success with the *College Credit Plus* program, a State of Ohio initiative to provide college credit courses to high school students. Approximately 9,050 students from over one hundred high schools were enrolled during fiscal 2023 representing a 10% increase from the prior year.
- Sinclair awarded seven baccalaureate degrees in fiscal 2023 as it continues to grow that fledgling branch of our programming.
- Sinclair continued to maintain and enhance its physical plant by investing over \$20 million to support lifecycle maintenance needs for buildings and equipment.
- Sinclair continued to demonstrate an exceptional level of commitment to teaching and learning in fiscal year 2023. Historically, Sinclair has devoted a significantly higher percentage of its resources to the instruction, academic, and student support functions than the average of Ohio's other public community colleges.
- Sinclair launched a strategic planning effort in conjunction with its participation in the *Unlocking Opportunities* program of the Aspen Institute. This effort will focus on the following:
 - Increasing experiential learning opportunities for students
 - Revitalizing the appeal of living-wage programs
 - Implementing practices to improve the transfer experience for students
 - Increasing the number of classes using a coaching-to-complete approach
 - Redesigning the service model to better meet the needs of students in high poverty districts

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Financial Management Philosophy and Accountability

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

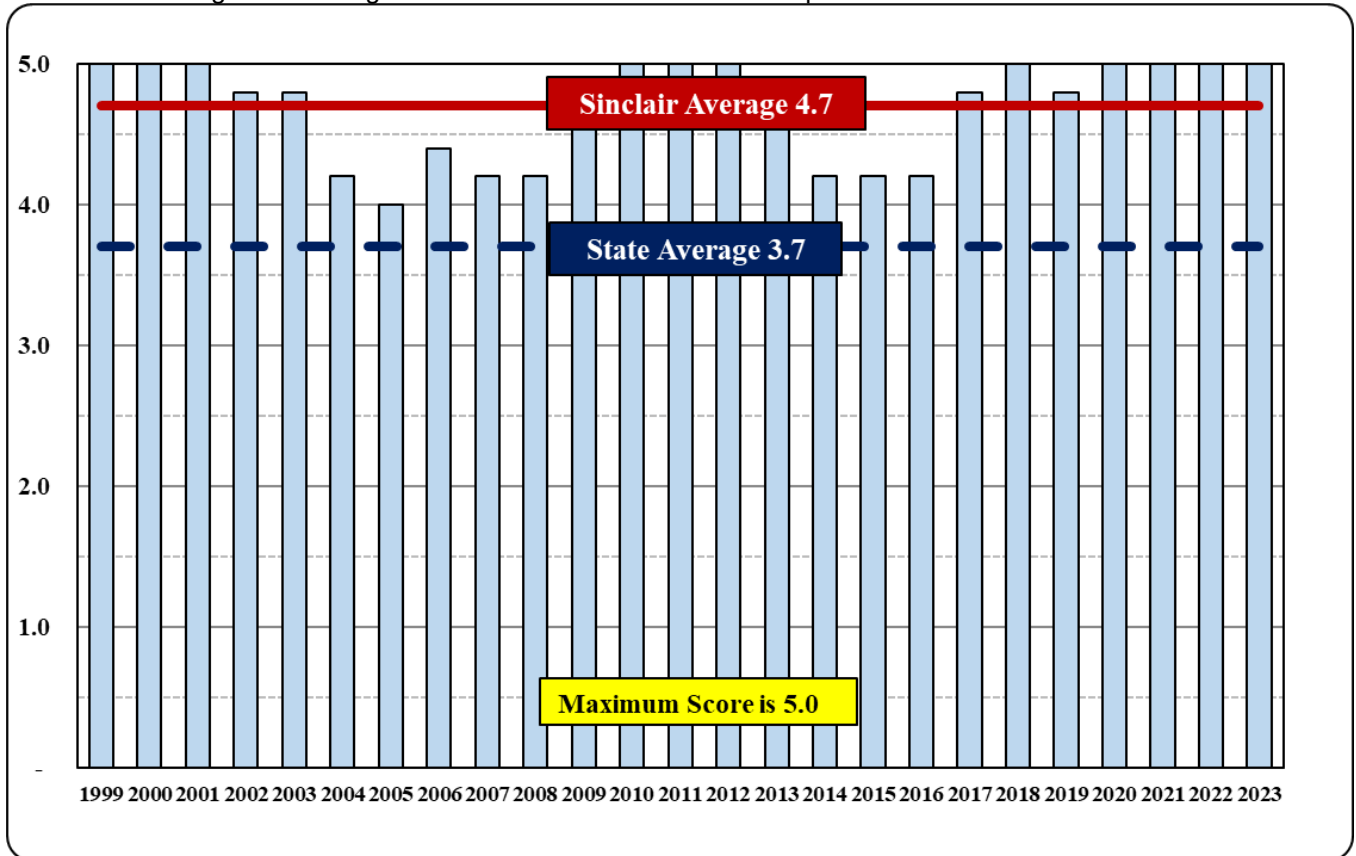
- **Use money as a tool to accomplish the mission:** Money is a tool used in fulfilling our service mission but is not an end in itself.
- **Employ results-oriented spending:** This is generally tied to an expectation of clear mission results.
- **Focus on long-term stability:** Use financial modeling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

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



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

The State of Ohio computes a fiscal accountability measure each year for all public higher education institutions pursuant to Senate Bill 6 passed in 1997. Sinclair's annual scores are depicted in the Figure below. The College has averaged an overall score of 4.7 since inception and scored a 5.0 in FY23.



Overview of the Financial Statements

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

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

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

Collectively, the statements provide a complete picture of the College's financial condition as of June 30, 2023, 2022, and 2021 and the results of its operations for the fiscal years then ended.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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

GASB 68, *Accounting and Financial Reporting for Pensions*, requires the College to report a share of the unfunded liabilities of Ohio's state retirement systems, in its statements of net position in 2023, 2022 and 2021, and its impact in 2023, 2022 and 2021 on the statements of revenues, expense and changes in net position. The amount of net pension liability reported on the statements of net position equals the College's proportionate share of the unfunded pension liabilities of the state systems that are associated with current, former, and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' pension liabilities reported under GASB 68 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Effective July 1, 2017, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the College to report a share of the unfunded liabilities of the Ohio's state retirement systems, related to the other postemployment benefits (OPEB) other than pension, in its statements of net position in 2023, 2022 and 2021 and its impact in 2023, 2022 and 2021 on the statements of revenues, expenses and changes in net position. The amount of the OPEB asset reported on the statements of net position equals the College's proportionate share of the unfunded OPEB liabilities of the state systems that are associated with the current, former and retired College employees and their beneficiaries. **However, under Ohio law, there is no legal means to enforce the State systems' OPEB liabilities reported under GASB 75 against the College or any other Ohio public employer. Consequently, the reader should keep that in mind when reviewing the financial statements and considering Sinclair's real financial position and operational results.**

Net Position

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

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

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

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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

	June 30,		
	2023	2022, As Restated	2021
Assets:			
Current assets	\$ 58.2	\$ 71.8	\$ 63.2
Investments	167.2	150.7	150.6
Capital assets, net	206.5	199.0	194.2
Lease right of use assets, net	4.6	4.3	5.0
Subscription assets, net	3.6	3.6	-
Net other postemployment benefit asset *	8.1	15.0	10.4
Total assets	448.2	444.4	423.4
Deferred outflows of resources:			
Pension activity *	46.9	26.8	18.9
Other postemployment benefit activity *	5.8	1.3	4.0
Total deferred outflows	52.7	28.1	22.9
Total assets and deferred outflows	500.9	472.5	446.3
Liabilities:			
Current liabilities	23.5	26.0	22.8
Long-term liabilities	11.7	11.7	9.3
Net pension liability *	143.9	60.2	114.0
Net other postemployment benefit liability *	1.7	-	-
Total liabilities	180.8	97.9	146.1
Deferred inflows of resources:			
Property tax levy	38.9	38.2	38.0
Pension activity *	10.4	68.0	23.2
Other postemployment benefit activity *	7.6	15.8	21.3
Total deferred inflows	56.9	122.0	82.5
Total liabilities and deferred inflows	237.7	219.9	228.6
Net position:			
Investment in capital assets	206.9	199.0	194.4
Restricted - expendable, grants and contracts	2.2	1.9	1.7
Unrestricted - operations	156.9	152.6	146.8
Unrestricted - pension activity *	(107.4)	(101.4)	(118.3)
Unrestricted - other postemployment benefit activity *	4.6	0.5	(6.9)
Total net position	263.2	252.6	217.7
Total liabilities, deferred inflows and net position	\$ 500.9	\$ 472.5	\$ 446.3

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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

	June 30,		
	2023	2022, As Restated	2021
Assets:			
Current assets	\$ 58.2	\$ 71.8	\$ 63.2
Investments	167.2	150.7	150.6
Capital assets, net	206.5	199.0	194.2
Lease right of use assets, net	4.6	4.3	5.0
Subscription assets, net	3.6	3.6	-
Total assets	440.1	429.4	413.0
Liabilities:			
Current liabilities	23.5	26.0	22.8
Long-term liabilities	11.7	11.7	9.3
Total liabilities	35.2	37.7	32.1
Deferred inflows of resources:			
Property tax levy	38.9	38.2	38.0
Total deferred inflows	38.9	38.2	38.0
Total liabilities and deferred inflows	74.1	75.9	70.1
Net position:			
Investment in capital assets	206.9	199.0	194.4
Restricted - expendable, grants and contracts	2.2	1.9	1.7
Unrestricted - operations	156.9	152.6	146.8
Total net position	366.0	353.5	342.9
Total liabilities, deferred inflows and net position	\$ 440.1	\$ 429.4	\$ 413.0

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Fiscal 2023

Total net position at June 30, 2023 was \$263.2 million (Table 1). Liabilities of \$35.2 million, exclusive of the net pension and OPEB liabilities, were only 8.0% of total assets of \$440.1 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$8.1 million and net pension and OPEB liabilities of \$145.6 million, pension and OPEB deferred outflows of resources of \$52.7 million, and pension and OPEB deferred inflows of resources of \$18.0 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$38.9 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$12.5 million (from \$353.5 million to \$366.0 million) in fiscal 2023. The increase had these components:

- A net increase from operations of \$12.2 million after depreciation and lease amortization expenses of \$14.2 million, but exclusive of the change in the fair value of investments.
- An increase in the fair value of investments of \$0.3 million; that is, the net unrealized loss in the investment portfolio improved from \$3.9 million at June 30, 2022 to a loss of \$3.6 million at June 30, 2023.

Also, in fiscal 2023, capital asset acquisitions consumed approximately \$20.0 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

Fiscal 2022

Total net position at June 30, 2022 was \$252.6 million (Table 1). Liabilities of \$37.7 million, exclusive of the net pension and OPEB liabilities, were only 8.8% of total assets of \$429.4 million, exclusive of the OPEB asset, primarily due to the fact that the College has purposely avoided long-term debt by strategically using various funding sources, including state capital appropriations, to manage growth and maintain a low level of deferred infrastructure maintenance. The College reported OPEB asset of \$15.0 million and net pension liability of \$60.2 million, pension and OPEB deferred outflows of resources of \$28.1 million, and pension and OPEB deferred inflows of resources of \$83.8 million. A fuller discussion of pension reporting can be found in Notes A and H of this report. Deferred inflows of resources also include future property tax levy receipts of \$38.2 million - see Notes A and F for a discussion.

Net position exclusive of pension and OPEB activity (Table 1A) improved by \$10.6 million (from \$342.9 million to \$353.5 million) in fiscal 2022. The increase had these components:

- A net increase from operations of \$22.1 million after depreciation and amortization expenses of \$14.6 million, but exclusive of the change in the fair value of investments. This included the net impact from federal Higher Education Emergency Relief Funds (HEERF) spent in fiscal year 2022.
- An decrease in the fair value of investments of \$11.5 million; that is, the net unrealized gain in the investment portfolio decreased from \$7.6 million at June 30, 2021 to a loss of \$3.9 million at June 30, 2022.

Also, in fiscal 2022, capital asset acquisitions consumed approximately \$17.4 million of unrestricted and restricted net position and added a corresponding amount to capital assets.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position (SRECNP) shown in Table 2 present the College's operating results for fiscal years 2023, 2022, and 2021. Table 2A presents a summary of the statements excluding the impact of pension and OPEB accounting. The following narrative provides an overview of the key elements in the SRECNP.

Revenues (Operating, Nonoperating)

- Operating revenue of the College is defined as payments received for goods and services provided, and is composed mainly of tuition and fees, federal and state grants, and income from auxiliary operations. *(Note: In accordance with the required reporting display, gross tuition and fees on the condensed SRECNP are reduced by grants and scholarships used to help pay those charges, resulting in net tuition revenue).*
 - In fiscal 2023, operating revenue remained consistent compared to the prior year. This was driven by tuition and fees and federal grants and contracts. Tuition decreased \$2.4 million while federal grants increased \$1.8 million. All other operating revenues combined increased slightly relative to fiscal year 2022.
 - In fiscal 2022, operating revenue increased \$7.9 million compared to the prior year. This was driven by other revenue, tuition and fees and federal grants and contracts. Tuition increased \$1.8 million due to an increase in tuition rate, and federal grants increased \$2.2 million. Other revenue increased \$3.1 million, primarily due to the sale of excess IP addresses, and increase in pass-through revenues generated by the Ohio Means Jobs initiative. All other operating revenues were comparable to fiscal year 2021.
- Nonoperating revenue includes state appropriations, county property tax levy receipts, certain government grants, investment income, and state capital grants.
 - In fiscal 2023, nonoperating revenue decreased \$11.2 million or 7.8% versus the previous year due to the following:
 - State appropriations increased \$0.9 million or 1.6% as the College continued to achieve better than average results in the state's performance-based funding formula.
 - As related to the COVID-19 federal economic recovery response, all remaining eligible HEERF and CRF grant revenues were recognized in fiscal year 2022 resulting in no revenues in fiscal year 2023.
 - The net change in fair value of investments increased by \$11.8 million over the prior year. These amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. At June 30, 2023, the portfolio included \$3.6 million in net unrealized losses.
 - In fiscal 2022, nonoperating revenue decreased \$4.0 million or 2.7% versus the previous year due to the following:
 - State appropriations increased \$2.4 million or 4.5% as the College continued to achieve better than average results in the state's performance-based funding formula.
 - As related to the COVID-19 federal economic recovery response, HEERF and CRF grant revenues of \$33.3 million were recognized in fiscal year 2022.
 - The net change in fair value of investments decreased by \$14.1 million over the prior year. These amounts mainly reflect changes in the net unrealized gains/losses associated with investments held by the College. At June 30, 2022, the portfolio included \$3.9 million in net unrealized losses.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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

	Year ended June 30,		
	2023	2022, As Restated	2021
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 30.1	\$ 32.5	\$ 30.7
Federal grants and contracts	8.0	6.2	4.0
State and local grants and contracts	1.3	1.6	1.4
Nongovernmental grants and contracts	3.1	3.1	3.4
Sales and services of educational departments	1.9	1.2	0.4
Auxiliary enterprises, net of grants and scholarships	2.5	2.6	2.5
Other	5.0	4.7	1.6
Total operating revenues	<u>51.9</u>	<u>51.9</u>	<u>44.0</u>
Operating expenses:			
Instruction	75.4	63.6	67.7
Public service	2.7	2.5	2.1
Academic support	14.5	10.5	6.8
Student services	21.3	15.0	10.4
Institutional support	21.5	13.7	5.0
Plant operations and maintenance	15.0	14.0	11.5
Depreciation & Amortization	14.2	14.7	13.4
Student aid	6.2	23.9	13.1
Auxiliary enterprises	3.8	3.6	3.8
Total operating expenses	<u>174.6</u>	<u>161.5</u>	<u>133.8</u>
Nonoperating and other revenues (expenses):			
State appropriations	56.4	55.5	53.1
County tax levy	39.4	39.1	38.6
HEERF and CRF grant revenues	-	33.3	26.9
Federal student aid grant programs	21.8	18.4	19.1
State student aid grant programs	1.7	2.2	1.5
Investment income	4.9	3.2	3.1
Net change in the fair value of investments	0.3	(11.5)	2.6
Capital grants	8.8	4.3	3.6
Total nonoperating and other revenues	<u>133.3</u>	<u>144.5</u>	<u>148.5</u>
Change in net position	10.6	34.9	58.7
Net position:			
Beginning of year	<u>252.6</u>	<u>217.7</u>	<u>159.0</u>
End of year	<u>\$ 263.2</u>	<u>\$ 252.6</u>	<u>\$ 217.7</u>

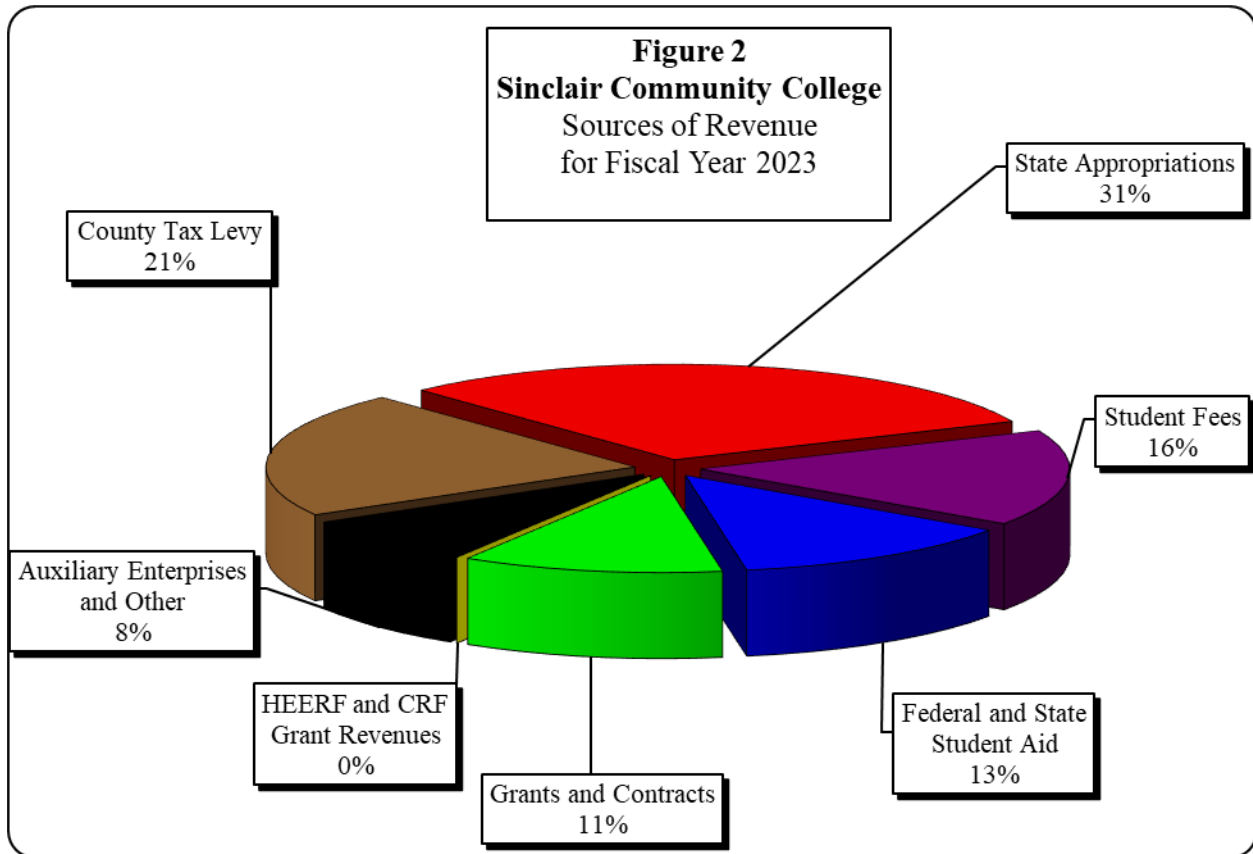
SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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

	Year ended June 30,		
	2023	2022, As Restated	2021
Operating revenues:			
Student tuition and fees, net of grants and scholarships	\$ 30.1	\$ 32.5	\$ 30.7
Federal grants and contracts	8.0	6.2	4.0
State and local grants and contracts	1.3	1.6	1.4
Nongovernmental grants and contracts	3.1	3.1	3.4
Sales and services of educational departments	1.9	1.2	0.4
Auxiliary enterprises, net of grants and scholarships	2.5	2.6	2.5
Other	5.0	4.7	1.6
Total operating revenues	<u>51.9</u>	<u>51.9</u>	<u>44.0</u>
Operating expenses:			
Instruction	75.5	75.4	74.4
Public service	2.7	2.6	2.3
Academic support	14.1	12.8	11.3
Student services	20.8	18.8	17.8
Institutional support	20.6	19.3	16.8
Plant operations and maintenance	14.8	14.8	13.1
Depreciation & Amortization	14.2	14.6	13.4
Student aid	6.2	23.9	13.1
Auxiliary enterprises	3.8	3.6	3.8
Total operating expenses	<u>172.7</u>	<u>185.8</u>	<u>166.0</u>
Nonoperating and other revenues (expenses):			
State appropriations	56.4	55.5	53.1
County tax levy	39.4	39.1	38.6
HEERF and CRF grant revenues	-	33.3	26.9
Federal student aid grant programs	21.8	18.4	19.1
State student aid grant programs	1.7	2.2	1.5
Investment income	4.9	3.2	3.1
Net change in the fair value of investments	0.3	(11.5)	2.6
Capital grants	8.8	4.3	3.6
Total nonoperating and other revenues	<u>133.3</u>	<u>144.5</u>	<u>148.5</u>
Change in net position	12.5	10.6	26.5
Net position:			
Beginning of year	353.5	342.9	316.4
End of year	<u>\$ 366.0</u>	<u>\$ 353.5</u>	<u>\$ 342.9</u>

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

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



Operating Expenses

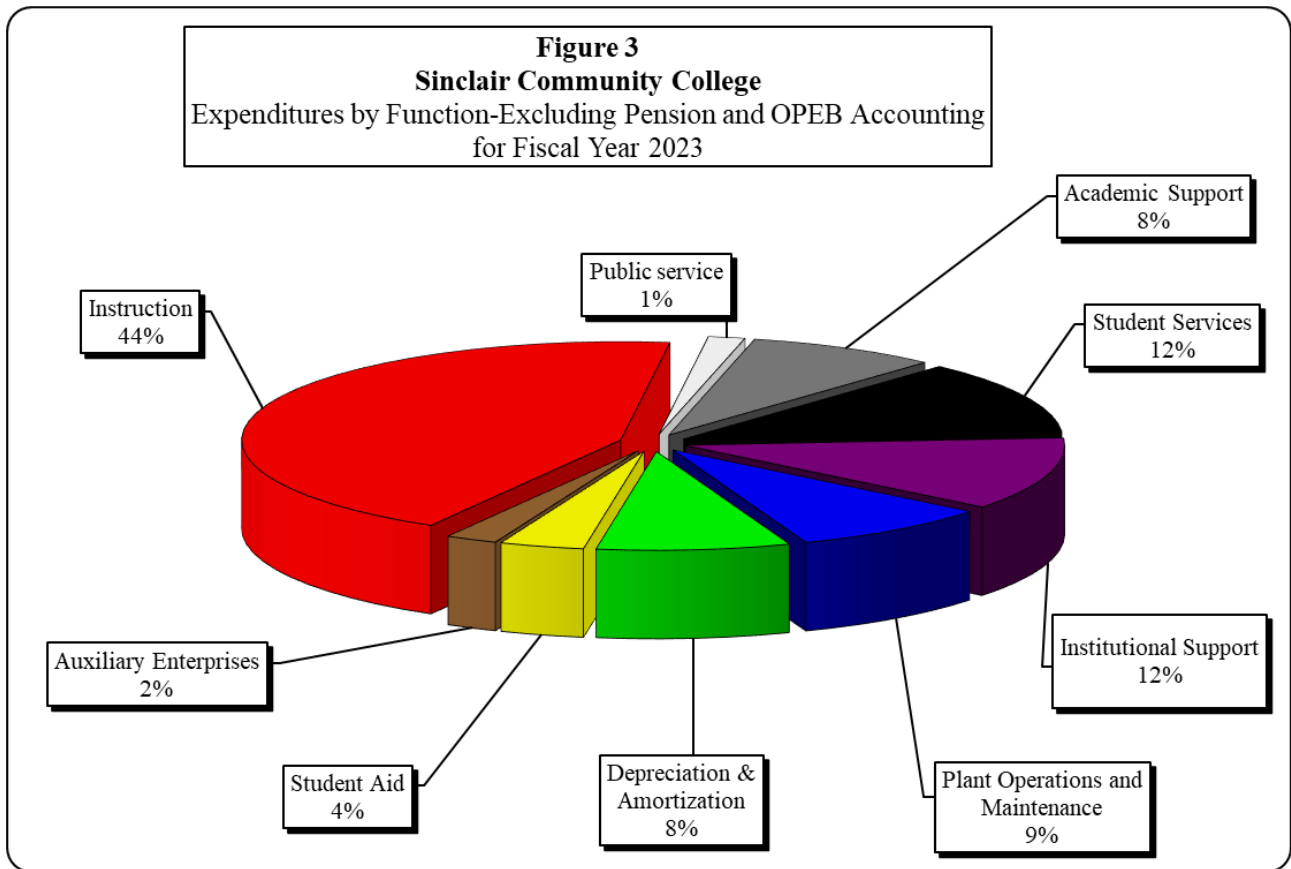
- Operating expenses are those expenditures related to the College's educational programs and services. **Note that pension and OPEB accounting related expense impacts are included in operating expenses (\$1.9 million increase in 2023 and \$24.3 million decrease in 2022).**
 - Total operating expenses increased by \$13.1 million or 8.1% in 2023 due to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was an increase in expense of \$1.9 million in 2023 compared to a decrease in expense of \$24.3 million in 2022. Exclusive of the pension and OPEB expenses, operating expenses in 2023 decreased by \$13.1 million due to decreases in student aid of \$17.7 million, primarily associated with the end of COVID-19 and HEERF spending in 2022, and an increase to student services of \$2.0 million. All other functional operating expenses were comparable to prior year.

The College continues to be proactive in controlling costs through efficiency and restructuring initiatives while investing new resources for supporting student access and success, even during a pandemic.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

- Total operating expenses increased by \$27.7 million or 20.7% in 2022 due to the aforementioned net impacts of pension and OPEB accounting changes. The net impact of pension and OPEB accounting changes was a decrease in expense of \$24.3 million in 2022 compared to a decrease in expense of \$32.2 million in 2021. Exclusive of the pension and OPEB expenses, operating expenses in 2022 increased by \$19.8 million due to increases in student aid of \$10.8 million, primarily associated with COVID-19 and HEERF spending, and an increase to institutional support of \$2.5 million, much of which was dedicated to mitigating the effects of the pandemic. All other functional operating expenses were comparable to prior year.

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



SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Cash Flows

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

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

	Years Ended June 30,		
	2023	2022, As Restated	2021
Cash (used in) provided by:			
Operating activities	\$ (104.1)	\$ (122.1)	\$ (107.3)
Non-capital financing activities	112.6	148.5	138.4
Capital and related financing activities	(12.0)	(15.7)	(8.7)
Investing activities	(6.8)	(7.3)	(28.6)
Net (decrease) increase in cash and cash equivalents	(10.3)	3.4	(6.2)
Cash and cash equivalents, beginning of year	16.4	13.0	19.2
Cash and cash equivalents, end of year	\$ 6.1	\$ 16.4	\$ 13.0

Capital Assets

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

- Building improvement projects on the Dayton campus in 2023 included parking lot improvements, HVAC upgrades, renovation of the pedestrian bridge, electrical grid replacement, classroom upgrades, auditorium upgrades at the Centerville campus and other projects.
- Additions to equipment inventory in 2023 and 2022 included replacement of information technology system and various equipment for several academic programs.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

TABLE 4
CAPITAL ASSETS

(net of depreciation, in millions of dollars)

	2023	2022	2021
Land and improvements	20.0	19.9	19.0
Buildings and improvements	155.0	158.9	158.5
Equipment and fixtures	11.9	10.8	8.7
Library materials	0.2	0.2	0.2
Construction in Progress	19.4	9.2	7.8
Total capital assets	206.5	199.0	194.2

Factors Impacting Future Periods

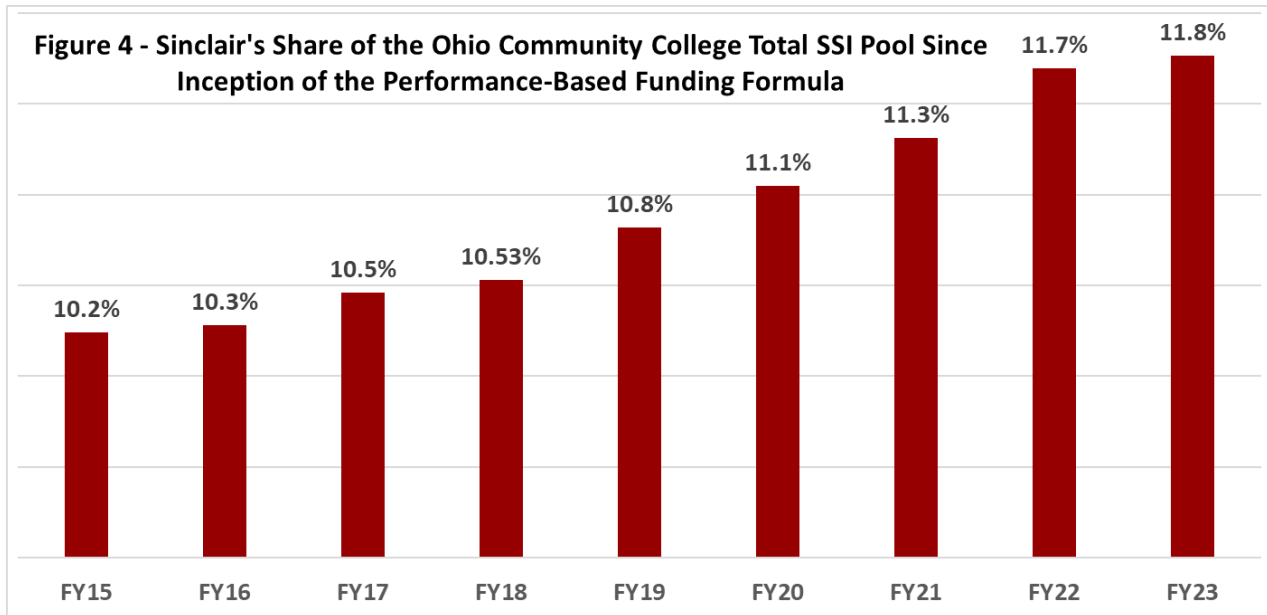
Enrollment Pressures: Statisticians have been predicting declines in graduating classes based on past birth rates to start affecting college admissions in Ohio, and Sinclair is now entering the period of expected decline. The tightening of the labor market and the concomitant increase in wages has exerted downward pressure on college enrollments, particularly in the two-year sector. These factors taken and the lingering effects of COVID on Sinclair's traditional enrollment levels make attracting and retaining students a key focus for Sinclair's future success.

Competitive Pressures: Given the enrollment pressures that Sinclair and its peers are facing, any avenue of enrollment growth and maintenance that Sinclair pursues will likely be hotly contested. Sinclair has targeted growth and improved margins in their prison enrollments given the newly available Pell scholarship funding for prison students. While Sinclair got a year head start on their in-state peers by participating in a pilot program, this funding source became available to all Ohio higher education institutions starting in FY24, so additional competition for prison students is expected.

The rise of online education opportunities was accelerated by the COVID pandemic and provided an opportunity for Sinclair to reach out to additional students that they may not have been an option for previously. While this is a positive development, it also allows institutions from throughout the country to theoretically compete with Sinclair in ways that they could not when online schooling was less ubiquitous. Sinclair will need to seek growth in this area while also working to protect against the new threat it presents.

Political Climate: The State of Ohio is in the first year of its two-year budget which provided increases in higher education State Share of Instruction (SSI) funding of approximately 1.5% each for fiscal years 2022 and 2023. While Sinclair has performed well relative to its peers on share of SSI, the slowing of SSI growth presents a challenge to the college and will need to be monitored.

SINCLAIR COMMUNITY COLLEGE
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the years ended June 30, 2023 and 2022



Montgomery County Levy: The two levies of the College are used entirely for expenditures benefiting students who reside in Montgomery County. This support manifests in the form of tuition subsidy and support for services at the Dayton campus. Levy A (3.2 mills, 10 years) was renewed in November of 2017 and is complemented by Levy B (1.0 mill, 10 years targeted to support growth in high demand programs such as health sciences), which was renewed on November 8, 2022. Combined, these levies are expected to account for approximately \$38 million in annual revenue going forward. So far, property values and collections have held steady in spite of the COVID-19 pandemic.

Student Enrollments and Tuition & Fee Revenue: For the five years prior to the onset of the COVID-19 pandemic, Sinclair's enrollment, as measured by full-time equivalent (FTE) students, held remarkably steady. Over the course of fiscal year 2021 and 2022, the college realized declines in enrollment as students balanced their own responses to the pandemic with their educational endeavors. Sinclair anticipates enrollment to recover starting in fiscal 2024 as barriers related to the pandemic fall and more students pursue Sinclair programs in high demand areas such as health sciences and advanced manufacturing and technology.

In addition, Sinclair expects to realize significant enrollment growth from its prison education program as the result of receiving approval to participate in the *Second Chance Pell* program for incarcerated individuals beginning in the fall of 2022. The program will allow the college to expand its offerings in this arena, building on a long history of helping incarcerated persons gain the skills necessary to be successful after their release. While Sinclair did not see the immediately expected growth in overall prison enrollments for fiscal 2023, much of this was due to the need to attract and retain staff. Sinclair looks poised to see enrollment growth for fiscal 2024.

Workforce Development and Related Activities: Sinclair made significant staffing changes and new hires in fiscal 2023 with an eye towards growing Workforce Development and related activities. Sinclair is a leader in Unmanned Aerial Systems (UAS), forging important partnerships with various national and regional organizations. In addition, Sinclair partnered with Amazon Web Services to launch the first Fiber Optic Fusion Splicing training course. In partnership with Montgomery County, Sinclair continues to offer IT Fundamentals program at the new Westown Center location.

SINCLAIR COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2023 and 2022

Facilities Campus Master Plan: As noted earlier herein, Sinclair adopts a thoughtful, proactive approach to the maintenance of its facilities and equipment, as evidenced by its \$24.0 million capital budget for fiscal 2024, the bulk of which is earmarked to replace equipment and building systems at the end of their useful lives. In fiscal 2023, Sinclair began the expansion of the Aviation Maintenance program at the Dayton International Airport and made upgrades to the conference center in Building 12.

Sinclair's Strategic Planning: During 2018, the College undertook a comprehensive strategic planning process, which included participants from the Sinclair College and Foundation Board of Trustees, community leaders, elected officials, faculty, staff and students. This process resulted in the Sinclair Board of Trustees' adoption of *alignment, growth and equity* as the three top-level strategic priorities. In fiscal 2023, Sinclair stepped up its efforts in strategic planning by funding a new department dedicated to that end. This department secured a grant to work with the Aspen Institute on the Unlocking Opportunities program. This program focuses on improving excellence and equity in post-graduate success.

Efficiency and Accountability: Sinclair has a history of being efficient, affordable, and accountable. In fact, the College has realized over \$57 million in cumulative savings, efficiencies, and cost avoidance during the past ten years. As an example, Sinclair's utility costs are about 30% lower than ten years ago (about \$1.0 million less) due to energy conservation measures. Sinclair will continue to drive efficiencies and cost savings to ensure that financial resources remain healthy and the college remains on a sustainable path.

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
Years Ended June 30, 2023 and 2022

	2023	2022, As Restated
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 6,115,449	\$ 16,364,696
Accounts receivable, net	9,927,882	14,578,794
Prepaid expenses	2,456,543	2,021,755
Interest receivable	620,723	460,809
Property tax levy receivable	38,889,541	38,219,667
Inventories	140,068	164,157
Total current assets	58,150,206	71,809,878
Noncurrent assets:		
Investments	167,229,415	150,687,868
Investment in capital assets	206,487,317	199,033,532
Lease right of use assets	4,621,548	4,315,320
Subscription assets	3,604,057	3,557,186
Net other postemployment benefit asset	8,136,000	15,013,501
Total noncurrent assets	390,078,337	372,607,407
Total assets	448,228,543	444,417,285
Deferred outflows of resources:		
Pension activity	46,883,064	26,789,328
Other postemployment benefits activity	5,770,937	1,304,334
Total deferred outflows of resources	52,654,001	28,093,662
Total assets and deferred outflows of resources	\$ 500,882,544	\$ 472,510,947
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable and accruals	\$ 3,684,879	\$ 6,763,698
Accrued salaries, wages and benefits	12,815,538	12,853,879
Unearned student fee income	4,378,494	3,837,597
Lease Liability	463,068	553,037
Subscription Liability	1,247,139	1,097,873
Deposits	876,775	928,603
Total current liabilities	23,465,893	26,034,687
Noncurrent liabilities:		
Compensated absences	5,732,173	5,480,974
Lease Liability	3,641,412	3,702,435
Subscription Liability	2,409,009	2,523,394
Net pension liability	143,809,035	60,168,696
Net other postemployment benefit liability	1,687,055	-
Total liabilities	180,744,577	97,910,186
Deferred inflows of resources:		
Property tax levy	38,889,541	38,219,667
Pension activity	10,436,961	67,946,262
Other postemployment benefit activity	7,598,052	15,788,579
Total deferred inflows of resources	56,924,554	121,954,508
Net position:		
Investment in capital assets	206,952,294	199,029,299
Restricted – Expendable, grants and contracts	2,244,228	1,858,555
Unrestricted	54,016,891	51,758,399
Total net position	263,213,413	252,646,253
Total liabilities, deferred inflows of resources, and net position	\$ 500,882,544	\$ 472,510,947

SINCLAIR COMMUNITY COLLEGE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Years Ended June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 244,170	\$ 445,722
Investments:		
Fixed income security funds	5,129,857	4,654,383
Equity funds	31,727,927	28,685,084
Limited partnerships	72,905	183,876
Total investments	36,930,689	33,523,343
Cash surrender value of life insurance	286,078	284,809
Property and equipment - Net	5,017,504	5,052,815
Total assets	\$ 42,478,441	\$ 39,306,689
Liabilities and Net Assets		
Liabilities		
Payable to Sinclair Community College	\$ 380,205	\$ 96,640
Other payables	77,164	77,164
Total liabilities	457,369	173,804
Net Assets		
Without donor restrictions	28,321,622	26,283,994
With donor restrictions	13,699,450	12,848,891
Total net assets	42,021,072	39,132,885
Total liabilities and net assets	\$ 42,478,441	\$ 39,306,689

SINCLAIR COMMUNITY COLLEGE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Years Ended June 30, 2023 and 2022

	2023	2022, As Restated
Revenues		
Operating revenues:		
Student tuition and fees	\$ 52,204,237	\$ 47,386,533
Less grants and scholarships	(22,130,938)	(14,925,292)
Student tuition and fees, net of grants and scholarships	30,073,299	32,461,241
Federal grants and contracts	7,973,535	6,223,760
State and local grants and contracts	1,265,355	1,594,746
Nongovernmental grants and contracts	3,153,563	3,130,449
Sales and services of educational departments	1,873,780	1,221,389
Auxiliary enterprises:		
Food service	303,614	116,004
Bookstore (net of grants and scholarships of \$1,357,694 and \$1,092,252 in 2023 and 2022 respectively)	(348,107)	(220,361)
Parking	2,641,692	2,720,464
Other operating revenues	4,996,632	4,699,420
Total operating revenues	51,933,363	51,947,112

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2023 and 2022

	2023	2022, As Restated
Expenses		
Operating expenses:		
Educational and general:		
Instruction	\$ 75,397,198	\$ 63,642,500
Public service	2,748,840	2,577,422
Academic support	14,537,875	10,485,365
Student services	21,365,753	14,952,984
Institutional support	21,508,999	13,696,239
Plant operations and maintenance	15,011,434	13,959,167
Depreciation and amortization	14,152,056	14,682,022
Student aid	6,160,286	23,908,820
Auxiliary enterprises:		
Food service	263,798	294,876
Bookstore	1,267,524	1,140,955
Parking	2,201,598	2,187,962
Total operating expenses	174,615,361	161,528,312
Operating Loss	(122,681,998)	(109,581,200)
Nonoperating Revenues:		
State appropriations	56,431,185	55,460,266
County tax levy	39,435,782	39,113,342
HEERF and CRF grant revenue	-	33,304,976
Federal student aid grant programs	21,785,722	18,384,424
State student aid grant programs	1,683,829	2,227,254
Investment income	4,886,334	3,236,904
Net increase (decrease) in the fair value of investments	280,803	(11,566,156)
Total nonoperating revenues	124,503,655	140,161,010
Gain before Other Revenues	1,821,657	30,579,810
Other Revenues - State Capital Grants	8,745,503	4,305,245
Increase in Net Position	10,567,160	34,885,055
Net Position		
Beginning of year	252,646,253	217,761,198
End of year	\$ 263,213,413	\$ 252,646,253

SINCLAIR COMMUNITY COLLEGE FOUNDATION
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Contributions of cash and other financial assets	\$ 155,078	\$ 1,207,613	\$ 1,362,691	\$ 145,632	\$ 1,320,391	\$ 1,466,023
Contributions of nonfinancial assets	516,900	-	516,900	664,115	-	664,115
Net investment income (loss)	2,734,497	1,249,593	3,984,090	(4,976,574)	(1,920,511)	(6,897,085)
Lease income	136,156	-	136,156	136,156	-	136,156
Administration fee income	111,367	-	111,367	132,656	-	132,656
Other income	-	379	379	-	1,502	1,502
Net assets released from restrictions - Satisfaction of donor restrictions	1,607,026	(1,607,026)	-	1,571,679	(1,571,679)	-
Total revenue, (losses) gains, and other support	5,261,024	850,559	6,111,583	(2,326,336)	(2,170,297)	(4,496,633)
Expenses						
Expenses:						
Program	2,329,046	-	2,329,046	2,371,701	-	2,371,701
Management and general	477,937	-	477,937	455,580	-	455,580
Fundraising	416,413	-	416,413	423,025	-	423,025
Total expenses	3,223,396	-	3,223,396	3,250,306	-	3,250,306
Increase (Decrease) in Net Assets	2,037,628	850,559	2,888,187	(5,576,642)	(2,170,297)	(7,746,939)
Net Assets - Beginning of year	26,283,994	12,848,891	39,132,885	31,860,636	15,019,188	46,879,824
Net Assets - End of year	\$ 28,321,622	\$ 13,699,450	\$ 42,021,072	\$ 26,283,994	\$ 12,848,891	\$ 39,132,885

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022, As Restated</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 29,085,433	\$ 30,461,336
Grants and contracts	18,796,345	7,846,861
Direct student loan receipts	12,902,596	16,227,681
Direct student loan disbursements	(14,835,022)	(14,733,917)
Payments to vendors and employees	(161,421,664)	(167,940,274)
Auxiliary enterprise charges	2,627,664	2,772,218
Sales and services of educational departments	1,972,699	1,048,967
Other receipts	6,787,034	2,251,461
Net cash used in operating activities	<u>(104,084,915)</u>	<u>(122,065,667)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	56,431,185	55,460,266
Property tax levy receipts	39,435,782	39,113,342
Deposits	(51,828)	(96,158)
HEERF and CRF grant revenue	-	33,304,976
Federal student aid grant programs	14,709,335	18,446,767
State student aid grant programs	2,065,503	2,293,017
Net cash provided by noncapital financing activities	<u>112,589,977</u>	<u>148,522,210</u>
Cash Flows from Capital and Related Financing Activities		
Capital grants	8,745,503	4,305,245
Lease activity	(564,787)	(1,636,059)
Subscription activity	(149,862)	(936,566)
Purchases of capital assets	(19,986,818)	(17,421,663)
Net cash used in capital and related financing activities	<u>(11,955,964)</u>	<u>(15,689,043)</u>
Cash Flows from Investing Activities		
Proceeds from maturities of investments	45,742,106	21,244,093
Interest on investments	4,887,120	3,264,046
Purchase of investments	(57,427,571)	(31,853,697)
Net cash used in investing activities	<u>(6,798,345)</u>	<u>(7,345,558)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(10,249,247)</u>	<u>3,421,942</u>
Cash and Cash Equivalents		
Beginning of year	16,364,696	12,942,754
End of year	<u>\$ 6,115,449</u>	<u>\$ 16,364,696</u>

SINCLAIR COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	2023	2022, As Restated
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (122,681,998)	\$ (109,581,200)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,103,051	14,610,684
Loss on disposal of equipment	49,005	71,338
Changes in operating assets and liabilities, deferred inflows of resources, and deferred outflows of resources which (used) provided cash:		
Accounts receivable	4,862,489	(5,451,807)
Inventory	24,089	136,551
Prepaid expenses	(434,788)	96,754
Net other postemployment benefit asset	(3,078,819)	3,411,759
Accounts payable and accruals	212,858	(58,425)
Accrued salaries, wages, benefits and compensated absences	540,897	(618,406)
Unearned student fee income	(19,822,354)	(8,113,109)
Deferred outflow of resources - pension activity	(4,465,603)	2,648,502
Deferred outflow of resources - other postemployment benefit activity	8,564,556	(4,584,735)
Deferred inflow of resources - pension activity	(57,408,110)	44,684,160
Deferred inflow of resources - other postemployment benefit activity	(8,190,527)	(5,488,643)
Net pension liability	83,640,339	(53,829,090)
Net cash used in operating activities	\$ (104,084,915)	\$ (122,065,667)
 Noncash Transactions		
Lease obligations incurred for lease assets	\$ 243,245	\$ 363,221
Subscription obligations incurred for subscription assets	1,475,211	233,105

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources, in connection with reimbursement of allowable expenditures made pursuant to the College’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts of approximately \$555,000 and \$646,000 at June 30, 2023 and 2022, respectively. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, previous loss history, and the condition of the general economy and the industry as a whole.

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

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

The College has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price at which the investment could be sold on June 30, 2023.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

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

Leased and subscription assets are amortized in a systematic and rational manner over the shorter of the term or the useful life of the underlying asset. The amortized asset is reported as an outflow of resources which is combined with depreciation expense related to other capital assets for financial statement purposes.

Leases: The College is a lessee for several buildings and land. The College recognizes a lease liability and an intangible right-of-use lease asset (lease asset) on the financial statements. At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term which is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The College uses the interest rate charged by the lessor as the discount rate. When the Interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise. The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with noncurrent assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscriptions: The College obtains the right to use vendors' information technology software through various long-term contracts. The College recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") on the financial statements. The College recognizes subscription assets and liabilities with an initial value of \$50,000 or more over the term of the agreement. At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs and is depreciated on a straight-line basis over its useful life.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

Key estimates and judgments related to subscriptions include how the College determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. The College monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with noncurrent assets, and subscription liabilities are reported with long-term liabilities on the statement of net position.

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

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

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

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

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

Deferred Inflows of Resources: In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College 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 detailed information can be found in Note H.

The College also has deferred inflows of resources for property taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023 and 2022, but which were levied to finance fiscal year 2024 and 2023, respectively, operations.

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

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

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

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

The College's federal direct loan program was determined to meet the definition of a fiduciary activity. However, as the assets are generally held for three months or less, they are reported as business-type activities with inflows and outflows reported within operating activities on the statement of cash flows.

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

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

Tax Abatement: The College's property tax revenue is affected by tax abatements entered into by Montgomery County. The College's property tax revenues were reduced by \$757,801 and \$757,801 for the year ended June 30, 2023 and 2022, respectively.

Adoption of New Accounting Pronouncements: As of June 30, 2023, the GASB issued the following statements implemented by the College:

Public-Private and Public-Public Partnerships and Availability Payment Arrangements - During the current fiscal year, the College adopted GASB Statement No. 94, *Public-Private and Public-Public Partnership Arrangements*. As a result, the financial statements did not change.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

Subscription-Based Information Technology Arrangements - During the current fiscal year, the College adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. As a result, the financial statements now include a liability for the present value of payments expected to be made and subscription assets for SBITAs, initially recorded at \$4,324,727 at July 1, 2021. SBITA activity is further described in Note G. The financial statements for the year ended June 30, 2022 have been restated in order to adopt GASB Statement No. 96.

The effect of this new standard was as follows:

Statements of Net Position	Previously Reported	Change	Adjusted Balance
Subscription assets	\$ -	\$ 3,557,186	3,557,186
Total noncurrent assets	369,050,221	3,557,186	372,607,407
Total assets	440,860,099	3,557,186	444,417,285
Total assets and deferred outflows of resources	<u>\$ 468,953,761</u>	<u>\$ 3,557,186</u>	<u>\$ 472,510,947</u>
Subscription liability	\$ -	\$ 1,097,873	\$ 1,097,873
Total current liabilities	24,936,814	1,097,873	26,034,687
Subscription liability	-	2,523,394	2,523,394
Total liabilities	94,288,919	3,621,267	97,910,186
Investment in capital assets	199,093,380	(64,081)	199,029,299
Total net position	252,710,334	(64,081)	252,646,253
Total liabilities, deferred inflows of resources, and net position	<u>\$ 468,953,761</u>	<u>\$ 3,557,186</u>	<u>\$ 472,510,947</u>

Statements of revenues, expenses and changes in net position	Previously Reported	Change	Adjusted Balance
Instruction	\$ 63,894,546	\$ (252,046)	\$ 63,642,500
Academic Support	10,583,373	(98,008)	10,485,365
Student Services	15,372,612	(419,628)	14,952,984
Institutional Support	13,842,846	(146,607)	13,696,239
Plant operations and maintenance	13,979,444	(20,277)	13,959,167
Depreciation and amortization	13,681,376	1,000,646	14,682,022
Total operating expenses	161,464,231	64,081	161,528,312
Operating Loss	(109,517,119)	(64,081)	(109,581,200)
Gain before Other Revenues	30,643,891	(64,081)	30,579,810
Increase in Net Position	34,949,136	(64,081)	34,885,055
Net Position, End of Year	<u>\$ 252,710,334</u>	<u>\$ (64,081)</u>	<u>\$ 252,646,253</u>

Upcoming Accounting Pronouncements

Compensated Absences – In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS

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

Deposits: At June 30, 2023, the carrying amount of the College's deposits in all funds was \$6,115,449 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$6,296,130. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2023. Of the financial institution balance, \$1,197,309 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$4,848,821 was uninsured.

At June 30, 2022, the carrying amount of the College's deposits in all funds was \$16,364,696 (reported as cash and cash equivalents in the statement of net position) and the financial institution balance was \$17,978,017. The difference between the carrying amount and the financial institution balance was primarily due to outstanding checks at June 30, 2022. Of the financial institution balance, \$1,000,000 was covered by federal depository insurance and \$250,000 had Federal Securities Investor Protection Corporation coverage. The remaining balance of \$16,728,017 was uninsured.

The uninsured deposits were either 1) held in accounts at Ohio banks that maintain collateral pools securing public funds deposits in accordance with the Ohio Revised Code (\$3,935,984 at June 30, 2023 and \$7,337,533 at June 30, 2022), or 2) in the case of money market account balances were backed by the underlying securities held by the fund (\$912,837 at June 30, 2023 and \$9,390,484 at June 30, 2022). The custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, the College's deposits may not be returned to the College, or the College may not be able to recover the value of collateral securities that are in the possession of an outside party.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

Investments: Investments at June 30, 2023 and 2022 were \$167,229,415 (amortized cost basis of \$170,690,332) and \$150,687,868 (amortized cost basis of \$154,408,644), respectively.

Investments at June 30 were as follows:

	Fair Value at June 30, 2023	Maturities				
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years	Greater than 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 12,197,949	\$ 25,579	\$ 555,621	\$ 1,275,849	\$ 10,340,900	\$ -
Other federal agency securities	20,567,557	7,545,620	12,047,937	974,000	-	-
Municipal bonds	9,031,467	1,169,016	6,722,801	1,139,650	-	-
Fixed income security funds	13,380,375	7,871,557	5,508,818	-	-	-
Equity funds	16,663,532	16,663,532	-	-	-	-
Corporate bonds	34,343,996	13,276,649	17,083,157	3,984,190	-	-
STAR Ohio	60,795,981	60,795,981	-	-	-	-
Certificates of deposit	248,558	-	248,558	-	-	-
Total	\$ 167,229,415	\$ 107,347,934	\$ 42,166,892	\$ 7,373,689	\$ 10,340,900	\$ -

	Fair Value at June 30, 2022	Maturities				
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 20 Years	Greater than 20 Years
Government National Mortgage Association (GNMA) bonds	\$ 14,918,200	\$ 1,350	\$ 975,220	\$ 939,426	\$ 9,726,434	\$3,275,770
Other federal agency securities	11,021,613	3,995,922	7,025,691	-	-	-
Municipal bonds	7,026,936	-	4,781,916	2,245,020	-	-
Fixed income security funds	14,077,088	6,068,353	8,008,735	-	-	-
Equity funds	14,541,893	14,541,893	-	-	-	-
Corporate bonds	36,031,008	13,031,207	21,004,551	1,995,250	-	-
STAR Ohio	52,819,853	52,819,853	-	-	-	-
Certificates of deposit	251,277	-	251,277	-	-	-
Total	\$ 150,687,868	\$ 90,458,578	\$ 42,047,390	\$ 5,179,696	\$ 9,726,434	\$3,275,770

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

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

A GNMA bond does not mature all at once on its stated maturity date. Rather, a portion of each bond matures every month, and an entire bond will usually mature many years before its maturity date. The following homeowner actions result in the return of principal to the owners of a GNMA bond: 1) making a monthly mortgage payment which includes a principal component, 2) refinancing a mortgage and thereby paying off the old mortgage, 3) selling a home and paying off the mortgage. GNMA principal amounts returned to the College are either reinvested, held as cash, or used in operations as deemed appropriate. For the years ended June 30, 2023 and 2022, the College's GNMA investments returned principal as follows:

	2023	2022
Years:		
0 - 5	\$ 601,533	\$ 968,704
6 - 10	1,275,428	897,687
11 - 20	10,839,003	9,387,401
Greater than 20	-	3,528,662
Total (at cost)	\$ 12,715,964	\$ 14,782,453

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

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

	2023	2022
Capital improvements, facility renovations, equipment	\$ 82,271,089	\$ 76,892,487
Tuition stabilization, rainy day fund, uninsured losses, other contingencies and initiatives	46,561,962	47,561,722
Auxiliary enterprises	10,237,835	10,523,410
Board-designated endowment	17,587,107	17,483,066
Student organization funds	100,000	94,088
Total unrestricted net position before pension and other postemployment benefit activity	156,757,993	152,554,773
Pension activity	(107,362,932)	(101,325,630)
Other postemployment benefit activity	4,621,830	529,256
Total unrestricted net position	54,016,891	51,758,399
Restricted grants and contracts	2,244,228	1,858,555
Total unrestricted and restricted net position	\$ 56,261,119	\$ 53,616,954

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE C – FAIR VALUE MEASUREMENTS

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

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

The College has the following recurring fair value measurements as of June 30, 2023 and 2022:

	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
Government National	\$ 12,197,949	\$ -	\$ 12,197,949	\$ -
Mortgage Association (GNMA) Bonds	20,567,557	-	20,567,557	-
Other federal agency securities	9,031,467	-	9,031,467	-
Municipal bonds	13,380,375	-	13,380,375	-
Fixed income security funds	16,663,532	-	16,663,532	-
Equity funds	34,343,996	-	34,343,996	-
Corporate bonds	\$ 106,184,876	\$ -	\$ 106,184,876	\$ -
Total debt securities				

	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
Government National	\$ 14,900,208	\$ -	\$ 14,900,208	\$ -
Mortgage Association (GNMA) Bonds	11,021,613	-	11,021,613	-
Other federal agency securities	7,026,936	-	7,026,936	-
Municipal bonds	14,077,088	-	14,077,088	-
Fixed income security funds	14,541,893	-	14,541,893	-
Equity funds	36,031,008	-	36,031,008	-
Corporate bonds	\$ 97,598,746	\$ -	\$ 97,598,746	\$ -
Total debt securities				

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE C – FAIR VALUE MEASUREMENTS *(Continued)*

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

Investments on the statement of net position as of June 30, 2023 and 2022 include certificates of deposits of \$248,558 and \$251,277, respectively, and investments in STAR Ohio of \$60,795,981 and \$52,819,853, respectively. The certificates of deposit and investment in STAR Ohio are excluded from the fair value table above as they are measured at amortized cost.

NOTE D – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2023 and 2022 is summarized as follows:

	June 30, 2023				Ending Balance
	Beginning Balance	Additions	Transfers	Disposals	
Cost:					
Land and improvements	\$ 19,850,832	\$ 121,168	\$ -	\$ -	\$ 19,972,000
Buildings and improvements	379,206,637	2,266,833	3,908,103	-	385,381,573
Equipment and fixtures	37,676,242	3,453,354	-	(2,945,502)	38,184,094
Library materials	2,272,512	72,403	-	(173,171)	2,171,744
Total cost	<u>439,006,223</u>	<u>5,913,758</u>	<u>3,908,103</u>	<u>(3,118,673)</u>	<u>445,709,411</u>
Less accumulated depreciation:					
Buildings and improvements	220,276,220	10,071,396	-	-	230,347,616
Equipment and fixtures	26,863,606	2,341,759	-	(2,896,497)	26,308,868
Library materials	2,057,416	70,873	-	(173,171)	1,955,118
Total accumulated depreciation	<u>249,197,242</u>	<u>12,484,028</u>	<u>-</u>	<u>(3,069,668)</u>	<u>258,611,602</u>
Construction in progress	<u>9,224,551</u>	<u>14,073,060</u>	<u>(3,908,103)</u>	<u>-</u>	<u>19,389,508</u>
Capital assets, net	<u>\$ 199,033,532</u>	<u>\$ 7,502,790</u>	<u>\$ -</u>	<u>\$ (49,005)</u>	<u>\$ 206,487,317</u>

As of June 30, 2023, the College was a party to outstanding construction contracts and commitments totaling approximately \$4,561,000.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE D – CAPITAL ASSETS (Continued)

	June 30, 2022				Ending Balance
	Beginning Balance	Additions	Transfers	Disposals	
Cost:					
Land and improvements	\$ 19,034,635	\$ 816,197	\$ -	\$ -	\$ 19,850,832
Buildings and improvements	368,439,703	4,833,290	5,933,644	-	379,206,637
Equipment and fixtures	40,866,565	4,355,099	-	(7,545,422)	37,676,242
Library materials	2,318,019	72,120	-	(117,627)	2,272,512
Total cost	<u>430,658,922</u>	<u>10,076,706</u>	<u>5,933,644</u>	<u>(7,663,049)</u>	<u>439,006,223</u>
Less accumulated depreciation:					
Buildings and improvements	209,975,080	10,301,140	-	-	220,276,220
Equipment and fixtures	32,167,201	2,170,489	-	(7,474,084)	26,863,606
Library materials	2,099,532	75,511	-	(117,627)	2,057,416
Total accumulated depreciation	<u>244,241,813</u>	<u>12,547,140</u>	<u>-</u>	<u>(7,591,711)</u>	<u>249,197,242</u>
Construction in progress	7,813,238	7,344,957	(5,933,644)	-	9,224,551
Capital assets, net	<u>\$ 194,230,347</u>	<u>\$ 4,874,523</u>	<u>\$ -</u>	<u>\$ (71,338)</u>	<u>\$ 199,033,532</u>

NOTE E – LONG-TERM LIABILITIES

Long-term liabilities activity for the years ended June 30, 2023 and 2022 is summarized as follows:

	June 30, 2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 5,668,424	\$ 206,188	\$ (68,319)	\$ 5,806,293	\$ 74,120
Leases	4,255,472	680,869	(831,861)	4,104,480	463,068
Subscription-Based Information Technology Agreements	3,621,267	1,358,426	(1,323,545)	3,656,148	1,247,139
	<u>\$ 13,545,163</u>	<u>\$ 2,245,483</u>	<u>\$ (2,223,725)</u>	<u>\$ 13,566,921</u>	<u>\$ 1,784,327</u>
June 30, 2022					
	Beginning Balance As Restated	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 5,575,091	\$ 278,391	\$ (185,058)	\$ 5,668,424	\$ 187,452
Leases	4,828,633	363,221	(936,382)	4,255,472	553,037
Subscription-Based Information Technology Agreements	3,263,528	389,738	(31,999)	3,621,267	1,097,873
	<u>\$ 13,667,252</u>	<u>\$ 1,031,350</u>	<u>\$ (1,153,439)</u>	<u>\$ 13,545,163</u>	<u>\$ 1,838,362</u>

Long-term liabilities are primarily accumulated sick leave payable to employees upon retirement. See Note A, *Compensated Absences*, for further discussion. See Note G, *Leases and Subscription-Based Information Technology Agreements* for further discussion.

NOTE F – STATE AND COUNTY SUPPORT

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE F – STATE AND COUNTY SUPPORT (Continued)

The College also receives support from two Montgomery County, Ohio property tax levies. A successful ballot issue in the November 2017 primary election renewed a 3.2 mill levy that commenced January 1, 2020 and will end December 31, 2027. On November 3, 2015, an additional 1 mill operating levy was passed, commencing on January 1, 2015 and ending December 31, 2022. On November 8, 2022, the additional 1 mill operating levy was renewed. It commenced on January 1, 2023 and will end December 31, 2032. By state law, levy receipts must be used solely for the benefit of Montgomery County residents attending the College in the form of student tuition subsidy, student scholarships and instructional facilities, equipment, and support services located within Montgomery County.

Property taxes receivable represent outstanding property taxes which were measurable at June 30, 2023. Total property tax collections for the next fiscal year are measurable amounts; however, since these revenue collections to be received during the available period are not intended to finance 2023 operations, the receivable amount is recorded as deferred inflows of resources.

NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

Leases

The College leases certain assets from various third parties. The assets leased are land, buildings and office space. Payments are fixed monthly with a discount rate of 4.5%. For the year ended June 30, 2023 and 2022, there was 1 and 2, new leases, respectively, with one lease terminated during the year ended June 30, 2023 and one lease purchased at June 30, 2022.

Lease asset activity of the College was as follows:

	June 30, 2023			
	Beginning Balance	Additions	Deductions	Ending Balance
Leased Asset Class (Lessee)				
Land	\$ 1,811,873	\$ 66,974	\$ -	\$ 1,878,847
Building	3,480,089	613,895	(183,958)	3,910,026
Accumulated Amortization				
Land	130,696	-	(130,696)	-
Building	845,946	437,624	(116,245)	1,167,325
Net Book Value of Leased Assets (Lessee)	\$ 4,315,320	\$ 243,245	\$ 62,983	\$ 4,621,548

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

**NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS
(Continued)**

	June 30, 2022			
	Beginning Balance	Additions	Deductions	Ending Balance
Leased Asset Class (Lessee)				
Land	\$ 1,448,652	\$ 363,221	\$ -	\$ 1,811,873
Building	4,503,027	-	(1,022,938)	3,480,089
Accumulated Amortization				
Land	65,348	-	65,348	130,696
Building	871,334	-	(25,388)	845,946
Net Book Value of Leased Assets (Lessee)	\$ 5,014,997	\$ 363,221	\$ (1,062,898)	\$ 4,315,320

The College had no other outflows related to leasing arrangements that occurred during the year and were not previously included in the measurement of the lease liability.

Future principal and interest payment requirements related to the College's lease liability at June 30, 2023 are as follows:

	Principal	Interest	Total
Year Ended June 30:			
2024	\$ 463,068	\$ 176,596	\$ 639,664
2025	345,894	156,750	502,644
2026	229,225	144,479	373,704
2027	157,378	135,658	293,036
2028	164,696	128,340	293,036
2029-2033	827,532	524,441	1,351,973
2034-2038	828,396	342,824	1,171,220
2039-2043	905,063	132,830	1,037,893
2044-2048	183,228	8,988	192,216
Total minimum lease payments	\$ 4,104,480	\$ 1,750,905	\$ 5,855,386

As of June 30, 2023, the College has no commitments related to leases for which the lease term has not commenced. The capital interest expense for the leases in fiscal years 2023 and 2022 was \$160,128 and \$209,522, respectively.

Subscription-Based Information Technology Agreements

The College has purchased various subscription-based information technology agreements. Payments are generally fixed annually with a discount rate of 5%. For the year ended June 30, 2023 and 2022, there was 5 and 3, new agreements, respectively.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

**NOTE G – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS
(Continued)**

Subscription asset activity of the College was as follows:

June 30, 2023				
Asset Class	Beginning Balance	Additions	Deductions	Ending Balance
Subscription	\$ 4,557,832	\$ 1,475,211	\$ -	\$ 6,033,043
Accumulated Amortization Subscription	1,000,646	-	1,428,340	2,428,986
Net Book Value of Subscription Assets	\$ 3,557,186	\$ 1,475,211	\$ (1,428,340)	\$ 3,604,057
June 30, 2022				
Asset Class	Beginning Balance As Restated	Additions	Deductions	Ending Balance
Subscription	\$ 4,324,727	\$ 233,105	\$ -	\$ 4,557,832
Accumulated Amortization Subscription	-	-	1,000,646	1,000,646
Net Book Value of Subscription Assets	\$ 4,324,727	\$ 233,105	\$ (1,000,646)	\$ 3,557,186

The College had no other outflows related to subscription arrangements that occurred during the year and were not previously included in the measurement of the subscription liability.

Future principal and interest payment requirements related to the College's subscription liability at June 30, 2023 are as follows:

Year Ended June 30:	Principal	Interest	Total
2024	\$ 1,247,139	\$ 125,997	\$ 1,373,136
2025	960,016	74,281	1,034,297
2026	708,510	37,992	746,502
2027	740,483	107	740,590
Total minimum subscription payments	\$ 3,656,148	\$ 238,377	\$ 3,894,525

As of June 30, 2023, the College has no commitments related to subscriptions for which the term has not commenced. The capital interest expense for the subscription assets in fiscal years 2023 and 2022 was \$184,743 and \$176,652, respectively.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE H – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

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

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

State Teachers Retirement System of Ohio 275 E. Broad Street Columbus, Ohio 43215 (888) 227-7877 www.strsoh.org	Ohio Public Employees Retirement System 277 East Town Street Columbus, Ohio 43215 (800) 222-7377 www.opers.org
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Contributions: State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limit the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by an actuarial valuation using the entry age normal cost method. Under these provisions, each College’s contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximum authorized by the ORC. The plans’ 2023 and 2022 employer contribution and member contribution rates on covered payroll to each system were:

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

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

	Years Ended June 30			
	2023		2022	
	Pension	OPEB	Pension	OPEB
STRS	\$ 5,718,676	\$ -	\$ 5,394,742	\$ -
OPERS	6,234,593	-	5,875,482	-
Total	\$ 11,953,269	\$ -	\$ 11,270,224	\$ -

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

Benefits Provided:

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

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

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

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

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

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

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

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

Net Pension Liability, Deferrals, and Pension Expense: At June 30, 2023 and 2022, the College reported a liability for its proportionate share of the net pension liability of STRS and OPERS. As of June 30, 2023 and 2022, the net pension liability was measured as of June 30, 2022 and 2021 for STRS and December 31, 2022 and 2021 for OPERS, respectively. 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 a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change	Percent Change
		2023	2022	2023	2022	2023-22	2022-21
STRS	June 30	\$ 69,847,376	\$ 39,928,391	0.31420%	0.31228%	0.00192%	-0.00828%
OPERS	December 31	73,961,659	20,240,305	0.25434%	0.25465%	-0.00031%	-0.00096%
		<u>\$ 143,809,035</u>	<u>\$ 60,168,696</u>				

For the years ended June 30, 2023 and 2022, the College recognized pension (recovery) expense of \$6,037,301 and \$(16,885,462), respectively. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,554,260	\$ (429,644)	\$ 2,457,268	\$ (941,015)
Changes in assumptions	9,229,709	(6,291,647)	13,942,200	-
Net difference between projected and actual earnings on pension plan investments	24,275,187	-	-	(61,175,374)
Changes in proportion and differences between College contributions and proportionate share of contributions	303,758	(3,715,670)	1,139,185	(5,829,873)
College contributions subsequent to the measurement date	9,520,150	-	9,250,675	-
Total	<u>\$ 46,883,064</u>	<u>\$(10,436,961)</u>	<u>\$ 26,789,328</u>	<u>\$(67,946,262)</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

Year Ended June 30:	Amount
2024	\$ 1,416,943
2025	3,464,751
2026	4,238,714
2027	17,761,771
2028	2,562
Thereafter	41,212

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

Net OPEB Liability (Asset), Deferrals, and OPEB Expense: At June 30, 2023, the College reported a liability/(asset) for its proportionate share of the net OPEB liability/(asset) of STRS and OPERS. For June 30, 2023, the net OPEB liability/(asset) was measured as of June 30, 2022 for STRS and December 31, 2022 for the OPERS plan. For June 30, 2022, the net OPEB liability/(asset) was measured as of June 30, 2021 for STRS and December 31, 2021 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of those dates, except OPERS which used an actuarial valuation dated December 31, 2021 and 2020, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals, during the year for the defined benefit health care plans.

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

For plan years ending June 30, 2022 and 2021, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2022 and 2021, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS' calculation of the employers' proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB Liability (Asset)		Proportionate Share		Percent Change 2023-2022	Percent Change 2022-2021
		2023	2022	2023	2022		
STRS	June 30	\$ (8,136,000)	\$ (6,584,000)	0.31420%	0.31223%	0.00197%	-0.00833%
OPERS	December 31	1,687,055	(8,429,501)	0.26757%	0.26913%	-0.00156%	0.00000%

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

For the year ended June 30, 2023 and 2022, the College recognized OPEB (recovery) expense of \$(4,092,573) and \$(7,423,876), respectively. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,000	\$ (1,642,817)	\$ 234,000	\$ (2,484,627)
Changes in assumptions	1,994,785	(5,904,585)	421,000	(7,340,167)
Net difference between projected and actual earnings on OPEB plan investments	3,492,550	-	-	(5,843,592)
Changes in proportion and differences between College contributions and proportionate share of contributions	165,602	(50,650)	649,334	(120,193)
Total	<u>\$ 5,770,937</u>	<u>\$ (7,598,052)</u>	<u>\$ 1,304,334</u>	<u>\$ (15,788,579)</u>

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

Year Ended June 30:	Amount
2024	\$ (1,271,221)
2025	(522,820)
2026	157,898
2027	1,248,095
2028	(476,374)
Thereafter	(962,693)

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

	STRS	OPERS
Valuation date – pension	June 30, 2022	December 31, 2022
Valuation date - OPEB	June 30, 2022	December 31, 2021
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 % – 3.00 %
Salary increases, including inflation	2.50 % – 8.50 %	2.75 % – 10.75 %
Inflation	2.50 %	2.75 %
Investment rate of return-pension	7.00 %, net of investment expense including inflation	6.90 %, net of investment expense including inflation
Investment rate of return-OPEB	7.00 %, net of investment expense including inflation	6.00 %, net of investment expense including inflation
Healthcare cost trends	-68.78 % to 9.00 % initial, 4.00 % ultimate	5.50 % initial, 3.50 % ultimate in 2036
Experience study date	Period of 5 years ended June 30, 2021	Period of 5 years ended December 31, 2020
Mortality basis	<p>Post-Retirement: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020</p> <p>Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020</p> <p>Post-Retirement Disabled: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020</p>	<p>Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.</p>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

	STRS	OPERS
Valuation date – pension	June 30, 2021	December 31, 2021
Valuation date - OPEB	June 30, 2021	December 31, 2020
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	2.05 % – 3.00 %
Salary increases, including inflation	2.50 % – 12.50 %	2.75 % – 10.75 %
Inflation	2.50 %	2.75 %
Investment rate of return-pension	7.00 %, net of investment expense including inflation	6.90 %, net of investment expense including inflation
Investment rate of return-OPEB	7.00 %, net of investment expense including inflation	6.00 %, net of investment expense including inflation
Healthcare cost trends	16.20 % to 30.00 % initial, 4.00 % ultimate	5.50 % initial, 3.50 % ultimate in 2034
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2020
Mortality basis	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 130% of the Pub-2010 General Employee Mortality tables (male and female) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (male and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

Pension Discount Rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.00 percent for the plan years ended June 30, 2022 and 2021. The discount rates used to measure the total pension liability for OPERS were 6.90 percent for both the plan years ended December 31, 2022 and 2021.

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

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB assets was 7.00 percent for the plan years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) were 5.22 percent and 6.00 percent for the plan years ended December 31, 2022 and 2021, respectively. At June 30, 2022 the plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments (6.00 percent) for the funded benefit payments and Fidelity Index's 20-Year Municipal GO AA Index of 4.05 percent as of December 31, 2022. At December 31, 2021, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of December 31, 2021.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

STRS - as of June 30, 2022			OPERS - as of December 31, 2022				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		
			Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	
Domestic equity	26.00%	6.60%	Fixed income	22.00%	2.62%	34.00%	2.56%
International equity	22.00%	6.80%	Domestic equity	22.00%	4.60%	26.00%	4.60%
Alternatives	19.00%	7.38%	Real estate	13.00%	3.27%	0.00%	0.00%
Fixed income	22.00%	1.75%	Private equity	15.00%	7.53%	25.00%	5.51%
Real estate	10.00%	5.75%	International equity	21.00%	5.51%	2.00%	4.37%
Liquidity reserves	1.00%	1.00%	Risk Parity	2.00%	4.37%	6.00%	1.84%
Total	<u>100.00%</u>		REITs	0.00%	0.00%	7.00%	4.70%
			Other investments	5.00%	3.27%	0.00%	0.00%
			Total	<u>100.00%</u>		<u>100.00%</u>	

STRS - as of June 30, 2021			OPERS - as of December 31, 2021				
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Defined Benefit Portfolio		Health Care Portfolio		
			Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	
Domestic equity	28.00%	7.35%	Fixed income	24.00%	1.32%	34.00%	1.07%
International equity	23.00%	7.55%	Domestic equity	21.00%	5.64%	25.00%	5.64%
Alternatives	17.00%	7.09%	Real estate	11.00%	5.39%	0.00%	0.00%
Fixed income	21.00%	3.00%	Private equity	12.00%	10.42%	0.00%	0.00%
Real estate	10.00%	6.00%	International equity	23.00%	7.36%	25.00%	7.36%
Liquidity reserves	1.00%	2.25%	Risk Parity	5.00%	2.92%	2.00%	2.92%
Total	<u>100.00%</u>		REITs	0.00%	0.00%	7.00%	3.71%
			Other investments	4.00%	2.85%	7.00%	1.93%
			Total	<u>100.00%</u>		<u>100.00%</u>	

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

		2023					
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.00%	\$ 105,513,957	7.00%	\$ 69,847,376	8.00%	\$ 39,684,491	
OPERS	5.90%	111,930,156	6.90%	73,961,659	7.90%	42,400,737	
		\$ 217,444,113		\$ 143,809,035		\$ 82,085,228	
		2022					
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.00%	\$ 74,770,932	7.00%	\$ 39,928,391	8.00%	\$ 10,486,518	
OPERS	5.90%	56,973,368	6.90%	20,240,305	7.90%	(10,302,443)	
		\$ 131,744,300		\$ 60,168,696		\$ 184,075	

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

		2023					
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.00%	\$ (7,521,260)	7.00%	\$ (8,136,000)	8.00%	\$ (8,662,059)	
OPERS	4.22%	5,741,966	5.22%	1,687,055	6.22%	(1,658,909)	
		\$ (1,779,294)		\$ (6,448,945)		\$ (10,320,968)	
		2022					
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase		
STRS	6.00%	\$ (5,556,102)	7.00%	\$ (6,584,000)	8.00%	\$ (7,443,141)	
OPERS	5.00%	(4,957,338)	6.00%	(8,429,501)	7.00%	(11,311,450)	
		\$ (10,513,440)		\$ (15,013,501)		\$ (18,754,591)	

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

Plan	1.00 Percent Decrease	2023 Trend Rate	1.00 Percent Increase
STRS	\$ (8,438,722)	\$ (8,135,000)	\$ (7,753,257)
OPERS	1,581,315	1,687,055	1,806,071
	\$ (6,857,407)	\$ (6,447,945)	\$ (5,947,186)

Plan	1.00 Percent Decrease	2022 Trend Rate	1.00 Percent Increase
STRS	\$ (7,408,340)	\$ (6,584,000)	\$ (5,565,220)
OPERS	(8,520,592)	(8,429,501)	(8,321,438)
	\$ (15,928,932)	\$ (15,013,501)	\$ (13,886,658)

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

Assumption Changes: During the measurement periods ended June 30, 2022 and December 31, 2022, respectively, certain assumption changes were made by the plans. STRS mortality tables, projected salary increases, and trend rates were updated based on a new experience study, which impacted the annual actuarial valuation for Pension and OPEB prepared as of June 30, 2022. The OPERS OPEB discount rate decreased from 6.00 percent to 5.22 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2022.

Benefit Changes: There were no significant benefit terms changes for the pension or OPEB plans since the prior two measurement dates for STRS. Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during FY23 and eliminated the age 60 requirement.

Changes since the measurement date: There were no significant changes since the measurement date.

Payable to the Pension Plans: At June 30, 2023, the College reported a payable of \$1,291,175 for the outstanding amount of contributions to the pension plan, required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of \$1,169,642 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022. There was no reported payable to the OPEB plan as of June 30, 2023 and 2022.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

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

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

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47 percent for STRS and 2.44 percent for OPERS for the years ended June 30, 2023 and 2022. The employer also contributes what would have been the employer's contribution under STRS, or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The College plan provides these employees with immediate plan vesting. The ARP does not provide disability benefits, survivor benefits, or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. For the years ended June 30, 2023 and 2022, employee contributions totaled \$463,037 and \$499,798, respectively, and the College recognized pension expense of \$472,159 and \$446,995 respectively.

NOTE I – INSURANCE

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

The College is self-insured for certain employee health benefit programs. Funding for these programs is based on actuarial projections provided by the plan administrators. The College also offers a high deductible health savings account option for its employees. Aggregate and specific stop loss insurance is maintained for benefit payments that exceed the maximum limits outlined in the policy. The claims liability of approximately \$1,128,000 and \$1,186,000 reported at June 30, 2023 and 2022, respectively, is based on an estimate provided by an actuary and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. No incremental claim adjustment expenses are included in the estimate. The amount is in the accrued salaries, wages and benefits on the statement of net position.

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE I – INSURANCE (continued)

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

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2023	\$ 1,186,000	\$(10,323,602)	\$ 10,265,602	\$ 1,128,000
2022	1,298,000	11,184,914	(11,296,914)	1,186,000
2021	970,000	11,383,245	(11,055,245)	1,298,000

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

NOTE J – CONTINGENCIES

The College receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. As of June 30, 2023 and 2022, the College is not aware of any potential disallowances.

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION

The College is the sole beneficiary of the Sinclair Community College Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting education activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to \$2,105,179 and \$2,239,045 for the years ended June 30, 2023 and 2022, respectively.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and 2022.

	June 30, 2023			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Fixed income security funds	\$ 5,129,857	\$ -	\$ -	\$ 5,129,857
Domestic equity funds	17,259,581	-	-	17,259,581
International equity funds	10,397,077	-	-	10,397,077
Alternative equity funds	4,071,269	-	-	4,071,269
Total	36,857,784	-	-	36,857,784
Investments valued at NAV				72,905
Total				<u>\$ 36,930,689</u>

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

	June 30, 2022			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Fixed income security funds	\$ 4,654,383	\$ -	\$ -	\$ 4,654,383
Domestic equity funds	15,397,350	-	-	15,397,350
International equity funds	9,410,645	-	-	9,410,645
Alternative equity funds	3,877,089	-	-	3,877,089
Total	33,339,467	-	-	33,339,467
Investments valued at NAV				183,876
Total				\$33,523,343

The fair value of the investments valued at net asset value (NAV) at June 30, 2023 and 2022 was determined primarily based on unobservable inputs. The Foundation estimates the fair value of these investments based on the most recent investment statement provided for the respective funds. The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

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

	2023	2022
Limited partnerships	\$ 72,905	\$ 183,876

There were unfunded commitments of \$400,000 as of June 30, 2023 and 2022, respectively. The limited partnerships do not have any redemption restrictions or notice periods.

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

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

Capital assets consist of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 4,526,086	\$ 4,526,086
Building	882,783	882,783
Total cost	5,408,869	5,408,869
Less accumulated depreciation - building	(391,365)	(356,054)
Net property and equipment	\$ 5,017,504	\$ 5,052,815

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

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Net assets with donor restrictions were as follows:

	2023	2022
Specified purpose:		
Scholarships	\$ 9,432,453	\$ 8,906,242
Program support	4,266,997	3,942,649
Total	\$ 13,699,450	\$ 12,848,891

SINCLAIR COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE K – SINCLAIR COMMUNITY COLLEGE FOUNDATION (Continued)

The endowment net asset composition by type of fund as of June 30, 2023 and 2022 were as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 8,527,791	\$ 8,527,791
Accumulated gains	-	3,403,002	3,403,002
Quasi endowment funds	85,276	-	85,276
Total	\$ 85,276	\$ 11,930,793	\$ 12,016,069
	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original amount	\$ -	\$ 7,995,789	\$ 7,995,789
Accumulated gains	-	2,815,004	2,815,004
Quasi endowment funds	81,216	-	81,216
Total	\$ 81,216	\$ 10,810,793	\$ 10,892,009

REQUIRED SUPPLEMENTARY INFORMATION

SINCLAIR COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION - PENSION
 Years Ended June 30, 2023 and 2022

Schedules of Proportionate Share of the Net Pension Liability

Plan Year	College's proportion of the collective net pension liability (asset)	College's proportionate share of the net pension liability (asset)	College's covered payroll	College's proportionate share of the collective pension liability (amount) as a percentage of the College's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
State Teachers Retirement System (STRS)					
2023	0.31420%	\$69,847,376	\$42,192,574	165.54%	78.90%
2022	0.31228%	\$39,928,391	\$39,885,908	100.11%	87.80%
2021	0.32056%	\$77,563,775	\$41,538,937	186.73%	75.50%
2020	0.34761%	\$76,871,993	\$39,062,517	196.79%	77.40%
2019	0.35438%	\$77,919,147	\$39,633,414	196.60%	77.30%
2018	0.34452%	\$81,840,400	\$38,126,183	214.66%	75.29%
2017	0.35323%	\$118,235,708	\$37,701,940	313.61%	66.78%
2016	0.39448%	\$109,021,783	\$39,747,965	274.28%	72.10%
2015	0.38931%	\$94,694,808	\$39,228,052	241.40%	74.71%
Ohio Public Employees Retirement System (OPERS)					
2023	0.25434%	\$73,961,659	\$45,464,826	162.68%	76.07%
2022	0.25464%	\$20,240,305	\$42,369,430	47.77%	93.01%
2021	0.25561%	\$36,434,011	\$42,469,977	85.79%	87.21%
2020	0.24700%	\$47,862,255	\$38,669,533	123.77%	82.44%
2019	0.24895%	\$67,669,540	\$36,862,111	183.57%	74.91%
2018	0.24546%	\$37,898,902	\$35,162,517	107.78%	84.85%
2017	0.24041%	\$54,375,842	\$34,035,381	159.76%	77.39%
2016	0.24594%	\$42,408,738	\$34,200,224	124.00%	81.19%
2015	0.25480%	\$30,631,908	\$35,928,988	85.26%	86.53%

SINCLAIR COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION - PENSION
 Years ended June 30, 2023 and 2022

Schedules of Pension Contributions

Plan Year	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered employee payroll
State Teachers Retirement System (STRS)					
2023	\$5,718,676	\$5,718,676	\$0	\$42,466,847	13.47%
2022	\$5,394,742	\$5,394,742	\$0	\$42,192,574	12.79%
2021	\$5,416,098	\$5,416,098	\$0	\$39,885,908	13.58%
2020	\$5,713,516	\$5,713,516	\$0	\$41,538,937	13.75%
2019	\$5,640,113	\$5,640,113	\$0	\$39,062,517	14.44%
2018	\$5,302,536	\$5,302,536	\$0	\$39,633,414	13.38%
2017	\$5,203,277	\$5,203,277	\$0	\$38,126,183	13.65%
2016	\$5,761,983	\$5,354,650	\$407,333	\$37,701,940	14.20%
2015	\$5,568,809	\$5,779,151	(\$210,342)	\$39,747,965	14.54%
Ohio Public Employees Retirement System (OPERS)					
2023	\$6,234,593	\$6,234,593	\$0	\$45,622,374	13.67%
2022	\$5,875,482	\$5,875,482	\$0	\$45,464,826	12.92%
2021	\$5,698,269	\$5,698,269	\$0	\$42,369,430	13.45%
2020	\$5,515,205	\$5,515,205	\$0	\$42,469,977	12.99%
2019	\$5,350,294	\$5,350,294	\$0	\$38,669,533	13.84%
2018	\$5,132,581	\$5,132,581	\$0	\$36,862,111	13.92%
2017	\$4,877,063	\$4,877,063	\$0	\$35,162,517	13.87%
2016	\$4,783,467	\$4,763,754	\$19,713	\$34,035,381	14.00%
2015	\$4,883,767	\$4,666,770	\$216,997	\$34,200,224	13.65%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Years ended June 30, 2023 and 2022

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

Changes of Assumptions (STRS): During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5-12.5 percent to 2.5-8.5 percent. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45 percent to 7.00 percent.

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

Changes of Assumptions (OPERS): During the plan year ended December 31, 2022, there were no changes to key assumptions.

During the plan year ended December 31, 2021, there were changes to several assumptions for OPERS. The discount rate was reduced from 7.50 percent to 6.90 percent. The wage inflation dropped from 3.25 percent to 2.75 percent. The projected salary increase range changed from 3.25-10.75 percent to 2.75-10.75 percent. The experience study changed from the 5 year period ended December 31, 2015 to the 5 year period ended December 31, 2020. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended December 31, 2018, the discount rate was reduced from 7.5 percent to 7.2 percent.

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

SINCLAIR COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 Years Ended June 30, 2023 and 2022

Schedules of Proportionate Share of the Net OPEB Liability (Asset)

Plan Year	College's proportion of the collective net OPEB liability (asset)	College's proportionate share of the net OPEB liability (asset)	College's covered payroll	College's proportionate share of the collective OPEB liability (amount) as a percentage of the College's covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
State Teachers Retirement System (STRS)					
2023	0.31420%	(\$8,136,000)	\$42,192,574	-19.28%	230.70%
2022	0.31228%	(\$6,584,000)	\$39,885,908	-16.51%	174.70%
2021	0.32056%	(\$5,634,000)	\$41,538,937	-13.56%	182.10%
2020	0.34761%	(\$5,757,266)	\$39,062,517	-14.74%	174.70%
2019	0.35438%	(\$5,694,000)	\$39,633,414	-14.37%	176.00%
2018	0.34452%	\$13,441,724	\$38,126,183	35.26%	47.11%
Ohio Public Employees Retirement System (OPERS)					
2023	0.26757%	\$1,687,055	\$45,464,826	3.71%	94.79%
2022	0.26913%	(\$8,429,501)	\$42,369,430	-19.90%	128.23%
2021	0.26913%	(\$4,794,766)	\$42,469,977	-11.29%	115.57%
2020	0.26075%	\$36,016,901	\$38,669,533	93.14%	47.80%
2019	0.26348%	\$34,351,051	\$36,862,111	93.19%	46.33%
2018	0.25883%	\$28,107,032	\$35,162,517	79.93%	54.14%

SINCLAIR COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 Years Ended June 30, 2023 and 2022

Schedules of OPEB Contributions

Plan Year	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered employee payroll
State Teachers Retirement System (STRS)					
2023	\$0	\$0	\$0	\$42,466,847	0.00%
2022	\$0	\$0	\$0	\$42,192,574	0.00%
2021	\$0	\$0	\$0	\$39,885,908	0.00%
2020	\$0	\$0	\$0	\$41,538,937	0.00%
2019	\$0	\$0	\$0	\$39,062,517	0.00%
2018	\$0	\$0	\$0	\$39,633,414	0.00%
Ohio Public Employees Retirement System (OPERS)					
2023	\$0	\$0	\$0	\$45,622,374	0.00%
2022	\$0	\$0	\$0	\$45,464,826	0.00%
2021	\$0	\$0	\$0	\$42,369,430	0.00%
2020	\$0	\$0	\$0	\$42,469,977	0.00%
2019	\$0	\$0	\$0	\$38,669,533	0.00%
2018	\$0	\$0	\$0	\$36,862,111	0.00%

SINCLAIR COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Years Ended June 30, 2023 and 2022

Changes to Benefit Terms: Effective for 2023, STRS implemented a one-time 3% cost of living adjustment effective on the anniversary of a benefits recipient's retirement date for those eligible during FY23 and eliminated the age 60 requirement (effective August 1, 2026).

There were no significant changes in benefit terms affecting the STRS and OPERS plans.

Changes of Assumptions (STRS): During the plan year ended June 30, 2022, there were changes to several assumptions for STRS based on an updated experience study for the five-year period ended June 30, 2021. The projected salary increase range changed from 2.5-12.5 percent to 2.5-8.5 percent. The mortality tables used changed from RP-2014 to PUB-2010.

During the plan year ended June 30, 2021, the investment rate of return decreased from 7.45 percent to 7.00 percent. The health care cost trend rates also decreased from 4.93 percent to 9.62 percent initial and 4.00 percent ultimate for plan year ended June 30, 2020, to 16.20 percent to 30.00 percent initial and 4 percent ultimate for plan year ended June 30, 2021.

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

Changes of Assumptions (OPERS): During the plan year ended December 31, 2022, the health care cost trend rate changed to 5.50% initial, 3.5% ultimate in 2036 from 5.50% initial, 3.5% ultimate in 2034 in 2021. In addition, the discount rate was reduced from 6.00 percent to 5.22 percent.

During the plan year ended December 31, 2021, there were changes to several assumptions for OPERS. The experience study changed from the 5-year period ended December 31, 2015 to the 5-year period ended December 31, 2020. The municipal bond rate decreased from 2.00 percent to 1.84 percent. Wage inflation decreased from 3.25 percent to 2.75 percent. The projected salary increase range changed from 3.25-10.75 percent to 2.75-10.75 percent. Health care cost trend rate decreased from 8.50 percent initial, 3.50 percent ultimate in 2035 to 5.50 percent initial, 3.50 percent ultimate in 2034.

During the plan year ended December 31, 2020, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.5 percent initial and 3.50 percent ultimate to 8.5 percent initial and 3.50 percent ultimate. The discount rate was increased from 3.16 percent to 6.00 percent.

During the plan year ended December 31, 2019, there were changes to several assumptions for OPERS. The health care cost trend rates decreased from 10.0 percent initial and 3.25 percent ultimate to 10.5 percent initial and 3.5 percent ultimate. The discount rate was reduced from 3.96 percent to 3.16 percent.

SUPPLEMENTARY INFORMATION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Sinclair Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Sinclair Community College (the "College") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Sinclair Community College

Purpose of This Report

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

Plante & Moran, PLLC

November 13, 2023

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

Independent Auditor's Report

To the Board of Trustees
Sinclair Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sinclair Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

To the Board of Trustees
Sinclair Community College

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-001 to be a material weakness.

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 of those charged with governance.

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

To the Board of Trustees
Sinclair Community College

Government Auditing Standards require the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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

Plante & Moran, PLLC

November 13, 2023

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster - U.S. Department of Education:				
Federal Supplemental Education Opportunity Grant Program	84.007	N/A	\$ -	\$ 732,015
Federal Work-Study Program	84.033	N/A	-	81,885
Federal Pell Grant Program	84.063	N/A	-	21,042,584
Federal Direct Student Loans	84.268	N/A	-	<u>14,835,012</u>
Total Student Financial Assistance Cluster			-	36,691,496
Trio Cluster - U.S. Department of Education:				
Trio Upward Bound	84.047A	N/A	-	772,465
Trio Student Support Services	84.042A	N/A	-	285,744
Trio Talent Search Program	84.044A	N/A	-	<u>854,131</u>
Total Trio Cluster			-	1,912,340
Research and Development Cluster:				
Department of Defense:				
National Defense Educational Program - Air Force Research Laboratory - Regional Fabrication & Certification Training Labs - Digital Thread Technologies - Pass through ARCTOS Technology Solutions	12.006	165524.09.00.0001.00.03	-	1,524,590
National Defense Educational Program - Office of Naval Research - Ohio TechNet Defense Industrial Base STEM Consortium - Pass through Lorain County Community College	12.006	N/A	-	77,295
Basic and Applied Scientific Research - Pass through Lorain County Community College	12.300	N/A	-	192,167
DOD, NDEP, DOTC-STEM Education Outreach Implementation - Pass through RTI International	12.560	28-312-0216908-66551L	-	<u>173,968</u>
Total Department of Defense			-	1,968,020
Federal Aviation Administration - Department of Transportation:				
Center of Excellence for UAS	20.109	N/A	-	6,000
Air Transportation Centers of Excellence - Pass through Kansas State University	20.109	A20-0150-S001	-	<u>7,983</u>
Total Federal Aviation Administration - Department of Transportation			-	13,983
National Science Foundation:				
Education and Human Resources	47.076	N/A	-	117,096
Education and Human Resources	47.076	N/A	-	120,343
Education and Human Resources	47.076	N/A	-	58,828
Education and Human Resources	48.076	N/A	-	30,130
Education and Human Resources	47.076	N/A	-	3,352
Education and Human Resources	47.076	N/A	-	70,316
Education and Human Resources	47.076	N/A	26,105	105,822
Education and Human Resources	47.076	N/A	-	114,762
Education and Human Resources	47.076	N/A	-	45,500
Education and Human Resources	47.076	N/A	-	148,454
Education and Human Resources - Pass through Collin County Community College District	47.076	216007-SCC	-	23,578
Education and Human Resources - Pass through Whatcom Community College	47.076	N/A	-	350,000
Education and Human Resources - Pass through Riverside Community College District	47.076	C-0005504	-	6,524
Education and Human Resources - Pass through The Ohio State University	47.076	60067276-SCC	-	<u>54,781</u>
Total National Science Foundation			26,105	1,249,486
Department of Homeland Security -				
State and Local Homeland Security National Training Program - Pass through Mississippi State University	97.005	193700.364108.03	-	<u>7,143</u>
Total Research and Development Cluster			26,105	3,238,632

Sinclair Community College

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other programs:				
National Security Agency - Cybersecurity Core Curriculum - Pass through University of Colorado-Colorado Springs	12.905	20-144-9	\$ -	\$ 30,481
Department of Justice - Bulletproof Vest Partnership Program	16.607	N/A	-	3,704
Department of State:				
Academic Exchange Programs - Undergraduate Programs - Pass through World Learning	19.009	CBPSA19-Sinclair	-	8,150
Academic Exchange Programs - Undergraduate Programs - Pass through Northern Virginia Community College	19.009	N/A	-	<u>213,290</u>
Total Department of State			-	221,440
U.S. Small Business Administration - Congressional Community Project Funding	59.086	N/A	-	704,647
Department of Veteran Affairs - Post-9/11 Veterans Educational Assistance	64.027	N/A	-	17,023
U.S. Department of Education:				
Undergraduate International Studies and Foreign Language Programs	84.016A	N/A	-	18,103
Special Education - Grants to States - Pass through Wright State University	84.027	671487-1	-	21,438
Career and Technical Education - Basic Grants to States - Pass through Ohio Department of Education	84.048	20-C2 2005	-	586,759
Equity for Each - Pass through Ohio Department of Education	84.048A	063362	-	145,604
Child Care Access Means Parents in School	84.335A	N/A	-	<u>482,288</u>
Total U.S. Department of Education			-	1,254,192
Department of Health and Human Services - Temporary Assistance for Needy Families - Pass through Montgomery County - Department of Jobs and Family Services	93.558	CE#900328, CE#000105	-	<u>300,000</u>
Total federal awards			\$ 26,105	\$ 44,373,955

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Sinclair Community College (the "College") under programs of the federal government for the year ended June 30, 2023. 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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. The pass-through entity identifying numbers are presented where available.

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

Note 3 - Adjustments and Transfers

The College carried forward \$28,829 of Federal Supplemental Education Opportunity Grant (FSEOG) Program (84.007) funds from the 2021-2022 award year, which was spent in the 2022-2023 award year. The College carried forward \$4,613 of FSEOG Program funds from the 2022-2023 award year to be spent in the 2023-2024 award year. During 2023, the College also transferred and spent \$224,007 of Federal Work-Study Program (84.033) funds in the FSEOG program.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster	Unmodified
Various	Research and Development Cluster	Unmodified
84.042A, 84.044A, and 84.047A	TRIO Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,331,219

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

Section II - Financial Statement Audit Findings

None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings

Reference Number	Finding
2023-001	<p>Assistance Listing Number, Federal Agency, and Program Name - ALN 84.063 and 84.268; Department of Education; Federal Pell Grant Program and Federal Direct Loan Program</p> <p>Federal Award Identification Number and Year - P063P220348, P268K220348, and P268K210348</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Federal Pell Grant Program: An institution shall submit, in accordance with deadline dates established by the secretary, through publication in the Federal Register, other reports and information the secretary requires and shall comply with the procedures the secretary finds necessary to ensure that the reports are correct (34 CFR Section 690.83(b)(2)).</p> <p>Federal Direct Student Loans: Changes in student status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change (34 CFR Section 685.309(b)).</p> <p>Condition - Sinclair Community College did not report student status changes timely and accurately for certain students who graduated or withdrew during the year.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Of the 25 students tested for student change status, 3 student status changes were not submitted within the required time frame, and 3 students were not properly reported as graduated or withdrawn.</p> <p>Cause and Effect - The College did not have a process in place to ensure timely and proper reporting for all student status changes. As a result, there were instances of reporting outside of the required time frame and instances where reporting of graduated or withdrawn statuses did not occur.</p> <p>Recommendation - We recommend that the College put a control process in place to ensure all student status changes are reported timely and accurately.</p> <p>Views of Responsible Officials and Corrective Action Plan - Sinclair Community College will perform a comprehensive review of enrollment reporting to National Student Loan Data System by way of the National Student Clearinghouse. This will include a review of enrollment reporting processing, personnel responsibilities, system modifications, and make all necessary revisions to workflows to prevent future occurrence of this finding. A review of activity prior to implementation of revised procedures will be conducted, and any exceptions will be documented and corrected.</p>

Sinclair Community College**November 1, 2023****Corrective Action Plan****Finding Number:** 2023-001

Condition: Sinclair Community College did not report student status changes timely and accurately for certain students who withdrew and graduated during the year.

Planned Corrective Action: Sinclair Community College will perform a comprehensive review of Enrollment Reporting to the National Student Loan Data System by way of the National Student Clearinghouse. This will include a review of enrollment reporting processing, personnel responsibilities, system modifications, and make all necessary revisions to workflows to prevent future occurrence of this finding. A review of activity prior to implementation of revised procedures will be conducted and any exceptions will be documented and corrected.

Contact person responsible for corrective action: Dr. Tina L. Hummons, Registrar, Office of Registration & Student Records

Anticipated Completion Date: 12/31/2023

OHIO AUDITOR OF STATE KEITH FABER



SINCLAIR COMMUNITY COLLEGE

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/19/2023

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

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