bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

ZANE STATE COLLEGE
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Trustees
Zane State College
1555 Newark Road
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of the Zane State College, Muskingum County, prepared by BHM CPA Group, Inc., 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 Zane State College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 26, 2024

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ZANE STATE COLLEGE
MUSKINGUM COUNTY
Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Zane State College
Muskingum County
1555 Newark Road
Zanesville, Ohio 43701

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Zane State College, Muskingum County, Ohio (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 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 the discretely presented component unit of Zane State College, Muskingum County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Audit of the Financial Statements* section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2023, the College adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

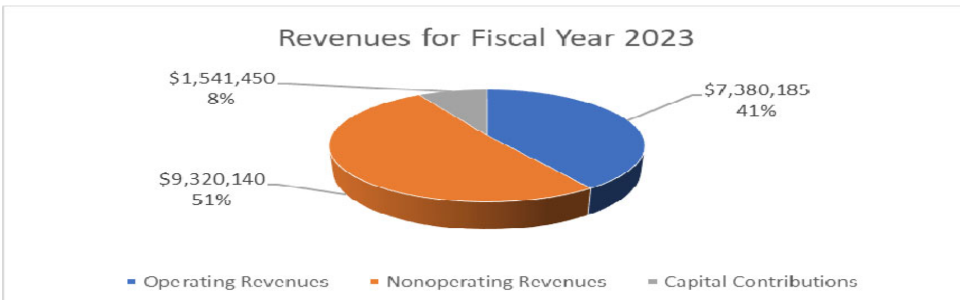
BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 20, 2023

The discussion and analysis of Zane State College's financial statements provides an overview of the College's financial activities for the year ended June 30, 2023. The financial statements and the related footnote disclosures along with the discussion and analysis have been prepared based on information that is the representation of management. Responsibility for the completeness and fairness of this information rests with management. The discussion and analysis contains financial activities of Zane State College.

Financial Highlights

Zane State College's financial position improved during the fiscal year ended June 30, 2023. The combined net position increased $1,698,318 from the previous year. The following chart provides a graphic breakdown of revenues by category for the fiscal year ended June 30, 2023:



Using This Annual Report

This report consists of three basic financial statements. The statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows provide information on the College as a whole and present a long-term view of the College's finances. The following activities are included in the College's financial statements:

- **College:** Most of the programs and services generally associated with the College fall into this category, including instruction, research, public service, and support services.

- **Component Unit (Zane State College Foundation):** Most of the College's fund raising and restricted scholarship activity fall into this category.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is Zane State College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps to answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net position and changes in them. The College's net position amount – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, building condition, and campus safety, to assess the overall health of the College. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private and public sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Net Position Changes- College

	6/30/2023	6/30/2022 *	Net Change
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	$ 4,023,234	$ 3,996,637	$ 26,597
Cash, cash equivalents and investments held in Escrow	236,134	190,440	45,694
Cash, cash equivalents and investments with Fiscal Agent	643,051	384,829	258,222
Accounts receivable - students, net	1,078,020	1,057,640	20,380
Accounts receivable - vendors	26,061	34,421	(8,360)
Grants receivable	162,312	140,658	21,654
Inventory	214,177	233,414	(19,237)
Total current assets	6,382,989	6,038,039	344,950
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	32,015,192	32,576,526	(561,334)
Net OPEB Asset	757,192	656,657	100,535
Total noncurrent assets	32,772,384	33,233,183	(460,799)
TOTAL ASSETS	39,155,373	39,271,222	(115,849)
DEFERRED OUTFLOWS OF RESOURCES			
Pensions and OPEB	2,537,312	2,621,286	(83,974)
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 41,692,685	$ 41,892,508	$ (199,823)
LIABILITIES			
Current Liabilities:			
Accrued wages and benefits	$ 974,615	$ 949,693	$ 24,922
Vouchers payable	565,448	307,394	258,054
Compensated absences payable - current portion	75,652	75,693	(41)
Claims payable	128,078	129,876	(1,798)
Accrued interest payable	54,763	14,814	39,949
Unearned tuition and fees revenue	206,794	250,050	(43,256)
Deposits held in custody for others	457,115	457,203	(88)
Subscription obligation payable	419,588	413,719	5,869
General improvement bond payable - current portion	245,000	235,000	10,000
Bond anticipation notes payable	-	150,000	(150,000)
Total current liabilities	3,127,053	2,983,442	143,611
Noncurrent Liabilities:			
Compensated absences payable	644,848	645,197	(349)
Bond anticipation notes payable	225,000	225,000	0
Subscription obligation payable	929,594	1,349,182	(419,588)
Net pension liability	10,865,622	7,326,923	3,538,699
Net OPEB liability	1,042,978	1,591,391	(548,413)
General improvement bonds payable	4,145,000	4,390,000	(245,000)
Total noncurrent liabilities	17,853,042	15,527,693	2,325,349
TOTAL LIABILITIES	20,980,095	18,511,135	2,468,960
DEFERRED INFLOWS OF RESOURCES			
Pensions and OPEB	4,404,168	8,771,269	(4,367,101)
NET POSITION			
Net investment in capital assets	26,051,010	25,813,625	237,385
Restricted:			
Expendable:			
Instructional department uses	1,017,425	738,807	278,618
Capital projects	-	858,876	(858,876)
Unrestricted	(10,760,013)	(12,801,204)	2,041,191
Total net position	16,308,422	14,610,104	1,698,318
TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS	$ 41,692,685	$ 41,892,508	$ (199,823)

* As restated – See Note 17

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability is another significant liability reported by the School District at June 30, 2023 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability (asset)*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the College's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position.

In accordance with GASB 68 and GASB 75, the College's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the College as a whole increased $1,698,321. The increase to current and other assets is primarily due to increases in cash and cash equivalents with fiscal agents and cash. Deferred outflows of resources decreased slightly due to actuarial assumptions for pension and OPEB activity.

Current liabilities increased due to increases in vouchers payable and subscription obligations payable which were partially offset by a decrease in unearned tuition and fees revenue. Long-term liabilities increased primarily due to increases in net pension liabilities.

Deferred inflows of resources decreased due primarily to actuarial assumptions for pension and OPEB activity.

Net Position Changes - Component Unit- Zane State College Foundation

	6/30/2023	6/30/2022 *	Net Change
ASSETS			
Current Assets:			
Cash equivalents	$ 32,910	$ 22,108	$ 10,802
Investments - Money Market	88,926	261,304	(172,378)
Total current assets	121,836	283,412	(161,576)
Noncurrent Assets:			
Endowment Investments	13,438,686	12,353,800	1,084,886
Total noncurrent assets	13,438,686	12,353,800	1,084,886
TOTAL ASSETS	$ 13,560,522	$ 12,637,212	$ 923,310
LIABILITIES			
Current Liabilities:			
Vouchers Payable	50,898	0	50,898
Total current liablities	50,898	0	50,898
TOTAL LIABILITIES	$ 50,898	$ -	$ 50,898
NET POSITION			
Restricted:			
Nonexpendable	$ 7,956,328	$ 7,796,592	$ 159,736
Expendable	4,999,935	4,244,148	755,787
Unrestricted	553,361	596,472	(43,111)
TOTAL NET POSITION	$ 13,509,624	$ 12,637,212	$ 872,412

* The College reclassified the net position from the prior. There was no impact on total net position.

The increase to endowment investments is primarily due to the change in market value of investments as well as increased investment income during 2023. Net position increased primarily due to the same reason for the increase in endowment investments noted above.

Operating Revenues and Expenses for FY2023 versus FY2022
College

	6/30/2023	6/30/2022 *	Net Change
Operating Revenues			
Tuition and fees (net of scholarship allowance)	$ 4,332,096	$ 4,631,119	$ (299,023)
State grants and contracts	228,965	350,559	(121,594)
Federal grants and contracts	1,068,443	928,900	139,543
Local grants and contracts	22,397	3,333	19,064
Private gifts, grants and contributions	353,793	204,601	149,192
Auxiliary services	626,590	741,717	(115,127)
Other	747,901	435,449	312,452
Total operating revenues	7,380,185	7,295,678	84,507
Operating Expenses (Includes depreciation expense)	16,370,212	17,994,241	(1,624,029)
Operating Loss	(8,990,027)	(10,698,563)	1,708,536
Nonoperating Revenues (Expenses)			
State appropriations	6,887,397	7,115,284	(227,887)
Federal grants	2,372,452	5,786,895	(3,414,443)
Investment income (net of investment fees)	60,291	6,704	53,587
Change in market value of investments	(5,970)	(54,390)	48,420
Other nonoperating expenses	(167,275)	(133,219)	(34,056)
Net nonoperating revenues (expenses)	9,146,895	12,721,274	(3,574,379)
Income Before Other Revenues, Expenses, Gains, or Losses	156,868	2,022,711	(1,865,843)
Capital Contributions	1,541,450	339,472	1,201,978
Total Other Revenues	1,541,450	339,472	1,201,978
Increase (Decrease) in net position	1,698,318	2,362,183	(663,865)
Net Position, beginning of year	14,610,104	N/A	N/A
Net Position, end of year	$ 16,308,422	$ 14,610,104	$ 1,698,318

* Ending net position for 2022 and beginning net position for 2023 were restated for implementation of GASB Statement No. 96. Revenues and expenses for 2022 were not restated. See Note 17.

Operating expenses decreased due to decreased pension and OPEB expenses from the prior year which is primarily due to actuarial calculations for the two major retirement systems over which the College has no control. There was also less monies expended due to less federal grants received in fiscal year 2023. Federal grants and contracts increased slightly from the prior year. Auxiliary service revenues decreased slightly in 2023. Federal grants decreased as a result of less COVID-19 stimulus funding in fiscal year 2023. State appropriations decreased slightly due to SSI. This decrease is due to the funding formula being an allocation model which bases most of the allocation on enrollment. Success metrics are still an integral part of the funding which allowed the College to increase its share in the past few years, but as enrollment has declined, SSI has followed. Additionally, other institutions are improving their success measures. Capital contributions increased primarily due to the timing of various capital projects and additional funding from the State in fiscal year 2023.

Changes in Revenues and Expenses for FY2023 versus FY2022
Component Unit- Zane State College Foundation

	6/30/2023	6/30/2022	Net Change
Operating Revenues			
In-kind Contribution (ZSC)*	$ -	$ 79,666	$ (79,666)
Contributions	104,327	202,408	(98,081)
Other	6,701	0	6,701
Total operating revenues	111,028	282,074	(171,046)
Operating Expenses	147,086	107,831	39,255
Operating Income	(36,058)	174,243	(210,301)
Nonoperating Revenues (Expenses)			
Investment income (net of investment fees)	227,604	187,124	40,480
Change in market value of investments	1,071,797	(1,714,992)	2,786,789
College support - capital	0	(10,000)	10,000
College support - learning and educational resources	(249,924)	(169,081)	(80,843)
Scholarships	(141,007)	(190,344)	49,337
Net nonoperating revenues (expenses)	908,470	(1,897,293)	2,805,763
Change in Net Position before Capital Contributions	872,412	(1,723,050)	2,595,462
Capital Contributions	-	10,375	(10,375)
Change in Net Position	872,412	(1,712,675)	2,585,087
Net Postion, beginning of year	12,637,212	14,349,887	(1,712,675)
Net Position, end of year	$ 13,509,624	$ 12,637,212	$ 872,412

*See Note 9.

Operating expenses increased primarily due to the Foundation paying an administration fee to the College for the first time in fiscal year 2023. Scholarships decreased due to fewer scholarships awarded during the current fiscal year. Investment income increased due to higher interest and dividends in the current year. The change in market value increased substantially due to increases in the market value of investments held by the Foundation.

Operating Expenses for FY2023 versus FY2022
College

	6/30/2023	6/30/2022	Net Change
Operating Expenses			
Educational and General			
Instructional	$ 5,289,337	$ 3,939,466	$ 1,349,871
Academic support	654,291	718,161	(63,870)
Student services	3,037,939	4,927,603	(1,889,664)
Institutional support	3,076,834	4,691,964	(1,615,130)
Depreciation and amortization	2,129,391	1,682,582	446,809
Operation and maintenance of plant	1,291,089	1,241,680	49,409
Total Educational and General	15,478,881	17,201,456	(1,722,575)
Auxiliary Enterprises			
Bookstore	584,364	651,229	(66,865)
Security and other auxiliary	306,967	141,556	165,411
Total Auxiliary Enterprises	891,331	792,785	98,546
Total Operating Expenses	$ 16,370,212	$ 17,994,241	$ (1,624,029)

Educational and General Expenses decreased overall due to pension and OPEB activity as well as less spending due to less federal funding for programs in 2023 than the previous year. Depreciation and amortization expense increased due to additional subscription assets being added and amortized because of implementation of GASB Statement No. 96. Bookstore expenses decreased as a result of lower enrollment which led to decreased cost of goods sold.

Operating Expenses for FY2023 versus FY2022
Component Unit- Zane State College Foundation

	6/30/2023	6/30/2022	Net Change
Operating Expenses			
Educational and General			
General and administrative	$ 147,086	$ 107,831	$ 39,255
Total Educational and General	147,086	107,831	39,255
Total Operating Expenses	$ 147,086	$ 107,831	$ 39,255

The Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- an entity's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its need for external financing

Cash Flows
FY 2023 Versus FY 2022
College

	6/30/2023	6/30/2022	Net Change
Cash provided (used) by:			
Operating activities	$ (8,031,005)	$ (11,959,614)	$ 3,928,609
Noncapital financing activities	9,259,849	12,902,179	(3,642,330)
Capital and related financing activities	(952,652)	(961,930)	9,278
Investing activities	54,321	(47,686)	102,007
Net increase (decrease) in cash	330,513	(67,051)	397,564
Cash, beginning of year	4,571,906	4,638,957	(67,051)
Cash, end of year	$ 4,902,419	$ 4,571,906	$ 330,513

Noncapital financing activities are comprised of state appropriations and certain federal grants which do not meet the definition of operating activities.

Capital and Debt Administration

Capital Assets

At June 30, 2023, the College had $32,015,192 invested in capital assets, net of accumulated depreciation and amortization of $31,917,608. Depreciation and amortization charges totaled $2,129,391 for the current fiscal year. Details of these assets for the two years are shown below:

Capital Assets, Net, at Year-End - College

	6/30/2023	6/30/2022 *	Net Change
Land	$ 413,225	$ 413,225	$ -
Construction in Progress	8,400	31,372	(22,972)
Buildings	26,941,301	27,067,834	(126,533)
General infrastructure	1,007,251	706,248	301,003
Machinery and equipment	1,861,550	2,061,036	(199,486)
Computers	377,166	414,410	(37,244)
Computer Software	5,203	13,805	(8,602)
Motor Vehicles	51,691	69,682	(17,991)
Subscription Based Information Technology Assets	1,343,632	1,788,001	(444,369)
Library books	5,773	10,913	(5,140)
Total Capital Assets, Net	$ 32,015,192	$ 32,576,526	$ (561,334)

* Restated due to implementation of GASB Statement No. 96. See Note 17.

The change in capital assets was attributable to current year depreciation and amortization expense which was partially offset by current year additions.

More detailed information regarding the College's capital assets is presented in Note 7 to the financial statements.

Debt

At June 30, 2023, the College had $5,964,182 in debt and related obligations outstanding versus $6,762,901 in the previous year. The table below summarizes these amounts by type of debt instrument.

	6/30/2023	6/30/2022 *	Net Change
General Improvement Bonds	$ 4,390,000	$ 4,625,000	$ (235,000)
Bond Anticipation Note Payable	225,000	375,000	(150,000)
Subscription Based Information Technology Obligations	1,349,182	1,762,901	(413,719)
	$ 5,964,182	$ 6,762,901	$ (798,719)

* - Restated 2022 balances due to implementation of GASB Statement No. 96. See Note 17.

More detailed information about the College's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors that Will Affect the Future

The bulk of the College's revenues come from the State (SSI) and from tuition & fees (enrollment). The SSI funding formula for distribution of funds to the two-year college sector focuses on completion and student success measures, areas where the College does better than the norm. However, the model is still based on enrollment. Other institutions are now progressing in success measures causing SSI distributions to shift to them and urban schools are able to maintain their enrollment levels. A recent change to the formula did benefit the College in FY23.The College continues to have the best student completion rate which is close to 50%.

The College continues to offer more online courses which could expand our enrollment base geographically and reach students who cannot attend a traditional classroom setting. The College is also adding industry recognized certificates that support the workforce needs of the state. With Intel moving into the region, it will be critical for the state to be able to provide the workforce Intel requires as well as the additional industries that will grow. Intel is working with Community Colleges to create an inclusive workforce development and training program to cultivate the next generation of skilled technical professionals for Ohio's emerging semiconductor industry.

Contacting the College's Financial Management

This financial report is designed to provide the Department of Higher Education, our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Terri Baldwin, CFO, at Zane State College, 1555 Newark Road, Zanesville, Ohio 43701.

Zane State College
Statement of Net Position
As of June 30, 2023

	College	Component Unit
	Zane State College	Zane State College Foundation
ASSETS		
Current Assets:		
Cash, cash equivalents and investments	$ 4,023,234	$ 32,910
Cash, cash equivalents and investments held in Escrow	236,134	-
Cash, cash equivalents and investments with Fiscal Agent	643,051	-
Investments - Money Market	-	88,926
Accounts receivable - students, net	1,078,020	-
Accounts receivable - vendors	26,061	-
Grants receivable	162,312	-
Inventory	214,177	-
Total current assets	6,382,989	121,836
Noncurrent Assets:		
Capital assets, net	32,015,192	-
Net OPEB Asset	757,192	-
Endowment investments	-	13,438,686
Total noncurrent assets	32,772,384	13,438,686
TOTAL ASSETS	39,155,373	13,560,522
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	2,275,632	-
OPEB	261,680	-
Total deferred outflows of resources	2,537,312	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 41,692,685	$ 13,560,522
LIABILITIES		
Current Liabilities:		
Accrued wages and benefits	$ 974,615	$ -
Vouchers payable	565,448	50,898
Claims payable	128,078	-
Compensated absences payable	75,652	-
Accrued interest payable	54,763	-
Unearned tuition and fees revenue	206,794	-
Deposits held in custody for others	457,115	-
Subscription obligation payable	419,588	-
General improvement bonds payable	245,000	-
Total current liabilities	3,127,053	50,898
Noncurrent Liabilities:		
Compensated absences-net of current portion	644,848	-
General improvement bonds payable-net of current portion	4,145,000	-
Bond anticipation notes payable-net of current portion	225,000	-
Subscription obligation payable-net of current portion	929,594	
Net Pension Liability	10,865,622	-
NET OPEB Liability	1,042,978	-
Total noncurrent liabilities	17,853,042	-
TOTAL LIABILITIES	20,980,095	50,898
DEFERRED INFLOWS OF RESOURCES		
Pensions	2,167,623	-
OPEB	2,236,545	-
Total deferred inflows of resources	4,404,168	-
NET POSITION		
Net investment in capital assets	26,051,010	-
Restricted:		
Instructional Department uses	1,017,425	-
Expendable	-	4,999,935
Nonexpendable	-	7,956,328
Unrestricted	(10,760,013)	553,361
Total net position	16,308,422	13,509,624
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 41,692,685	$ 13,560,522

See accompanying notes to the financial statements.

Zane State College

Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

	College	Component Unit
	Zane State College	Zane State College Foundation
REVENUE:		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $297,922)	$ 4,332,096	$ -
Federal grants and contracts	1,068,443	-
State grants and contracts	228,965	-
Local grants and contracts	22,397	-
Private gifts and grants	353,793	
Contributions	-	104,327
Auxiliary Enterprises:		
Bookstore	626,590	-
Other sources	747,901	6,701
Total Operating Revenues	7,380,185	111,028
EXPENSES:		
Operating Expenses:		
Educational and General:		
Instructional	5,289,337	-
Academic support	654,291	-
Student services	3,037,939	-
Institutional support	3,076,834	-
Depreciation and amortization	2,129,391	-
Fundraising	-	
General & administrative	-	147,086
Operation and maintenance of plant	1,291,089	-
Total Educational and General	15,478,881	147,086
Auxiliary Enterprises:		
Bookstore	584,364	-
Campus security and other auxiliary	306,967	-
Total Operating Expenses	16,370,212	147,086
Operating Income (Loss)	(8,990,027)	(36,058)
NONOPERATING REVENUES (EXPENSES):		
Federal grants	2,372,452	-
State appropriations	6,887,397	-
Investment income (net of investment fees)	60,291	227,604
Change in market value of investments	(5,970)	1,071,797
Interest on capital asset-related debt	(167,275)	-
Scholarships	-	(141,007)
College support - learning and educational resources	-	(249,924)
Net nonoperating revenues (expenses)	9,146,895	908,470
Income before other revenues, expenses, gains or losses	156,868	872,412
Capital contributions	1,541,450	-
Total other revenues	1,541,450	-
Increase (Decrease) in Net Position	1,698,318	872,412
Net Position, Beginning of Year - Restated	14,610,104	12,637,212
Net Position, End of Year	$ 16,308,422	$ 13,509,624

See accompanying notes to the financial statements.

Zane State College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	College	Component Unit
	Zane State College	Zane State College Foundation
Cash Flows from Operating Activities:		
Tuition and Fees	$ 4,276,732	$ -
Grants and Contracts	1,651,944	-
Payments to Suppliers	(6,273,487)	-
Payments to Employees for Wages and Benefits	(9,060,685)	-
Bookstore	626,590	-
Contributions	-	104,327
Other Receipts	747,901	6,701
Other Expenses	-	(197,984)
Net Cash Provided (Used) by Operating Activities	(8,031,005)	(86,956)
Cash Flows from Non-Capital and Related Financing Activities:		
State Appropriations	6,887,397	-
Federal Grants	2,372,452	-
College Support - learning and educational resources	-	(249,924)
Scholarships	-	(141,007)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	9,259,849	(390,931)
Cash Flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	(1,582,871)	-
Capital Contributions	1,541,450	-
Principal Paid on Loans and Notes	(385,000)	-
Principal Paid on Subscription Obligations	(413,719)	-
Interest Paid	(112,512)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(952,652)	-
Cash Flows from Investing Activities:		
Interest on Cash, Cash Equivalents and Investments	60,291	227,604
Change in Market Value of Cash, Cash Equivalents and Investments	(5,970)	-
Proceeds from Sales and Maturities of Investments	-	(3,257,744)
Purchase of Investments	-	3,346,451
Net Cash Provided by Investing Activities	54,321	316,311
Net Increase (Decrease) in Cash and Cash Equivalents	330,513	(161,576)
Cash and Cash Equivalents at Beginning of Year	4,571,906	283,412
Cash and Cash Equivalents at End of Year	$ 4,902,419	$ 121,836
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating Income (Loss)	$ (8,990,027)	$ (36,058)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation and Amortization	2,129,391	-
Pension and OPEB Expense Adjustments Not Affecting Cash	(1,393,376)	-
Change in Assets and Liabilities:		
Accounts Receivable, net	(12,020)	-
Grants Receivable	(21,654)	-
Inventories	19,237	-
Claims Payable	(1,798)	-
Vouchers Payable (Operating)	258,054	(50,898)
Accrued Wages and Benefits	24,922	-
Compensated Absences	(390)	-
Unearned Tuitions and Fees Revenue	(43,256)	-
Deposits Held in Custody for Others	(88)	-
Net Cash Provided by (Used for) Operating Activities	$ (8,031,005)	$ (86,956)
Non-Cash Transactions:		
In-kind Contributions	$ -	$ -
In-kind Disbursements	-	-
Total Non-Cash Transactions	$ -	$ -

See accompanying notes to the financial statements.

NOTE 1 – DESCRIPTION OF THE COLLEGE AND REPORTING ENTITY

On September 19, 1969, the State of Ohio Department of Higher Education approved the charter of the Muskingum Area Technical Institute. In 1975, the College name was changed to the Muskingum Area Technical College. In 2004, the College name was changed to Zane State College (the College). The College is a technical institute as defined by Section 3357.01 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The College exposes students to job training leading to employment upon graduation and prepares students for continuation of their education in obtaining a four-year degree.

The College's official service area consists of three counties: Muskingum, Guernsey, and Noble. However, a significant number of students also attend from Morgan, Coshocton, Licking and Perry counties.

In 1971, working with the Ohio Department of Higher Education, the Muskingum Area Technical Institute and the Ohio University began a cooperative effort to provide the community with a coordinated state-assisted higher education complex of academic-technical programs and physical facilities. Planning for a new campus was accelerated after the Ohio General Assembly, on June 12, 1972, approved a $3 million appropriation for the construction of a new technical college facility. In March 1974 a master plan for the Muskingum Area Technical Institute and Ohio University-Zanesville campus was completed. This plan has guided campus development to the present time. An agreement for inter-institutional cooperation and coordination was signed on June 15, 1975, by Ohio University-Zanesville and Muskingum Area Technical Institute.

The College operates under a nine-member appointed Board of Trustees, of which three are appointed by the Governor of the State of Ohio, and is responsible for the provision of public education to its student body.

The Zane State College Foundation is not a part of the primary government of the College, but due to its relationship with the College, it is discretely presented as a component unit within the College's financial statements. The Foundation is a non-profit, tax-exempt organization operated exclusively to provide support for the general educational needs of the College. Specific disclosures relating to the component unit can be found in Note 9.

The College is associated with an insurance purchasing pool, the Ohio College Association Workers' Compensation Group Rating Program. This organization is presented in Note 12 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the College over which the College has the ability to exercise direct operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," as amended by GASB Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities," the full scope of the College's activities is considered to be a single business-type activity (BTA) and accordingly, is reported within a single column in the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the College on a reimbursement basis.

C. Cash and Cash Equivalents

This classification appears on the statement of net position and the statement of cash flows and includes cash on deposit with private bank accounts and savings accounts. For purposes of the statement of cash flows and presentation on the statement of net position, all investments with original maturities of three months or less at the time they are purchased by the College are presented on the financial statements as cash equivalents.

D. Investments

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

E. Receivables

Receivables consist of tuition and fees and charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments, private sources in connections with reimbursements of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

F. Inventories

Inventories, consisting of expendable supplies and merchandise for resale, are stated at the lower of cost or market value using the first-in, first-out method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of $5,000 at the date of acquisition and an expected useful life of one or more years. Library books are significant in the aggregate and are therefore also capitalized. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Please see Note H below related to treatment of subscription-based information technology arrangements for capitalization and amortization of costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 40 years for buildings and infrastructure, 5 to 10 years for equipment, 4 to 5 years for computer software, 5 years for vehicles, and 5 years for library books and materials. Improvements are depreciated over the remaining useful lives of the related capital assets.

The College's policy is to capitalize net interest on construction projects until substantial completion of the projects. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2023, no material interest costs were incurred on construction projects for the College.

H. Subscription-Based Information Technology Arrangements

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 in the statement of net position. The College recognizes subscription assets and liabilities with an initial value of $100,000 or more. 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. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life. 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.

I. Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include bonds, notes, net pension liabilities, net OPEB liabilities, subscription liabilities and compensated absences that will not be paid within the next fiscal year.

J. Compensated Absences

The College follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences."

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the College will compensate the employees for the benefits through paid time off or some other means. The College records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the College has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the College's termination policy. The College records a liability for accumulated unused sick leave for certified employees, administrators, and classified employees after five years of current service with the College.

K. Unearned Revenue

Unearned tuition and fees revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, related to the subsequent accounting period.

L. Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted Net Position – Expendable – Expendable restricted net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position – Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

M. Scholarship Allowances and Student Aid

Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying statement of revenues, expenses, and changes in net position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students. Certain aid such as loans and funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues.

N. Revenue and Expense Recognition

The College presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) certain federal and most state and

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Revenue and Expense Recognition (continued)

local grants and contracts and federal appropriations, and (4) interest on institutional student loans. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal grants, and investment income. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statement of revenues, expenses, and changes in net position.

The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. Budgetary Process

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

P. Income Taxes

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

Q. Use of Estimates

Management of the College has made estimates and assumptions relating to the reporting of assets, deferred inflows/outflows of resources, and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

R. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. The College recorded a deferred outflow of resources for pensions and other postemployment benefits, which are explained in Notes 10 and 11. The College also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the College, these amounts consist of pensions and other postemployment benefits, which are explained in Notes 10 and 11.

S. Pensions and Post-Employment Benefits (OPEB)

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

T. Self-Insurance

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

NOTE 3 – STATE SUPPORT

The College is a state-assisted institution of higher education that receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Department of Higher Education.

In addition to the student subsidies, the State of Ohio provides the funding for the construction and renovation of major plant facilities on the College's campus. The funding is obtained from the issuance of special obligation bonds issued by the Ohio Public Facilities Commission (OPFC), which proceeds in turn cause the construction and subsequent lease of the facility to the Ohio Department of Higher Education. Upon completion of a facility, the Ohio Department of Higher Education turns over control to the College, which capitalizes the cost thereof.

Neither the obligation for special obligation bonds issued by OPFC, nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These costs are currently being funded through appropriations to the Ohio Department of Higher Education by the General Assembly.

The facilities are not pledged as collateral for the special obligation bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State.

Outstanding debt issued by OPFC is not included on the College's statement of net position. In addition, the appropriations by the General Assembly to the Ohio Department of Higher Education for payment of debt service are not reflected as appropriation revenue received by the College, and the related debt service payments are not recorded in the College's accounts.

NOTE 4 – DEPOSITS

Deposits Custodial credit risk is the risk that in the event of bank failure, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $538 of the College’s bank balance of $3,414,688 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the College to a successful claim by the Federal Deposit Insurance Corporation.

The College does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

NOTE 4 – DEPOSITS (Continued)

Investments At fiscal year end, the College had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)
Jefferson Health Plan Pool	$ 643,051	<1
Federated Treasury Obligations Fund	$ 236,134	<1
Money Markets	9,995	<1
Marketable Certificates of Deposit	672,387	1.81 Weighted Average
Total	$ 1,561,567	

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. The above table identifies the College's recurring fair value measurements as of June 30, 2023. All other investments of the College are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy does not address interest rate risk beyond the requirements of the Ohio Revised Code.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College limits their investments to negotiable certificates of deposit, the Jefferson Health Plan Pool, a Treasury Obligations Fund, and a money market account. The investment in the Jefferson Health Plan Pool is unrated. Investments in money markets and the Treasury Obligations Fund were rated AAAm by Standard & Poor's and Aaa-mf by Moody's. Investments in the marketable certificates of deposit are fully covered by FDIC. The College's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 41% of the College's investments are in the Jefferson Health Plan Pool, 15% are in a Treasury Obligations Fund and 43% are in marketable certificates of deposit. The College investment policy allows for a maximum of 75% of the College's total investment portfolio to be invested in a single security type unless that security provides the highest rate of return at an acceptable level of safety for preservation of capital. There are no further restrictions on the amounts the College may invest in a single issuer beyond the requirements of the Ohio Revised Code.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the College's securities are either insured and registered in the name of the College or at least registered in the name of the College. The College's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2023 were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,243,754	$ (165,734)	$ 1,078,020
Grants	162,312	-	162,312
Vendor	26,061	-	26,061
Total Accounts Receivable	$ 1,432,127	$ (165,734)	$ 1,266,393

NOTE 6 – DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board is required to consider the College's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. All expenditures must be approved by the Board.

At June 30, 2023, there was no net appreciation on donor-restricted assets available to be spent. There were no donor restricted endowments at June 30, 2023.

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NOTE 7 – CAPITAL ASSETS

A summary of the changes in the capital assets is presented as follows:

	Balance at 6/30/2022 *	Increases	Decreases	Balance at 6/30/2023
Capital Assets, Non-Depreciable:				
Land	$ 413,225	$ -	$ -	$ 413,225
Construction in Progress	31,372	-	(22,972)	8,400
Total Non-Depreciable	444,597	-	(22,972)	421,625
Capital Assets, Depreciable:				
Buildings	49,071,441	1,086,650	-	50,158,091
General Infrastructure	1,070,145	343,831	-	1,413,976
Machinery and Equipment	5,552,774	133,941	-	5,686,715
Computers	3,127,125	33,638	-	3,160,763
Computer Software	461,585	-	(7,031)	454,554
Motor Vehicles	254,224	-	-	254,224
Library books	594,851	-	-	594,851
Subscription Based Information Technology Assets	1,788,001	-	-	1,788,001
Total Depreciable	61,920,146	1,598,060	(7,031)	63,511,175
Less Accumulated Depreciation:				
Buildings	(22,003,607)	(1,213,183)	-	(23,216,790)
General Infrastructure	(363,897)	(42,828)	-	(406,725)
Machinery and Equipment	(3,491,738)	(333,427)	-	(3,825,165)
Computers	(2,712,715)	(70,882)	-	(2,783,597)
Computer Software	(447,780)	(1,571)	-	(449,351)
Motor Vehicles	(184,542)	(17,991)	-	(202,533)
Library books	(583,938)	(5,140)	-	(589,078)
Subscription Based Information Technology Assets	-	(444,369)	-	(444,369)
Total Depreciation and Amortization	(29,788,217)	(2,129,391)	-	(31,917,608)
Total Capital Assets, Depreciable, net	32,131,929	(531,331)	(7,031)	31,593,567
Capital Assets, net	$ 32,576,526	$ (531,331)	$ (30,003)	$ 32,015,192

* Restated due to implementation of GASB Statement No. 96. See Note 17.

NOTE 8 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance 6/30/2022 *	Additions	Reductions	Balance 6/30/2023	Amount Due Within One Year
Compensated Absences	$ 720,890	$ 76,000	$ (76,390)	$ 720,500	$ 75,652
General Improvement Bond	4,625,000	-	(235,000)	4,390,000	245,000
Bond Anticipation Note	375,000	-	(150,000)	225,000	-
Subscription Based Information Technology Obligations	1,762,901	-	(413,719)	1,349,182	419,588
Net Pension Liability:					
STRS	3,982,109	2,518,591	0	6,500,700	-
SERS	3,344,814	1,020,108	0	4,364,922	-
Total Net Pension Liability	7,326,923	3,538,699	0	10,865,622	-
Net OPEB Liability:					
SERS	1,591,391	-	(548,413)	1,042,978	-
Total Net OPEB Liability	1,591,391	-	(548,413)	1,042,978	-
Long-Term Liabilities	$ 16,402,105	$ 3,614,699	$ (1,423,522)	$ 18,593,282	$ 740,240

* - Restated for implementation of GASB Statement No. 96. See Note 17.

During fiscal year 2013, the College issued general obligation bonds in the amount of $6,370,000 for the purpose of construction projects. The bond will mature in December 2037 and was issued with an interest rate of 2.8%. Payments are made into a sinking fund held in the name of the College and payments are made from the sinking fund when they come due.

During fiscal year 2016, the College issued long-term bond anticipation notes in the amount of $1,300,000 with the Zane State College Foundation. The purpose of bond anticipation notes was to pay in full the bond anticipation note that was held by Fifth Third Securities. During fiscal year 2020, the College signed an amendment for an updated payment plan which is reflected in the following amortization schedule.

As more fully described in Note 17 to the financial statements, the College adopted GASB Statement No. 96 which resulted in the recording of Subscription Based Information Technology obligations as of the beginning of fiscal year 2023. These obligations run through fiscal year 2026 and are included in the amortization schedules below.

Principal and interest requirements to retire bonds, notes, and technology obligations outstanding at June 30, 2023, are as follows:

Fiscal Year Ending	General Obligation Bond		Bond Anticipation Note		Technology Obligations	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2024	$245,000	$122,105	$0	$0	$419,588	$39,475
2025	250,000	116,535	225,000	4,343	449,144	27,888
2026	255,000	110,664	-	-	480,450	14,414
2027	260,000	104,547	-	-	-	-
2028	265,000	98,115	-	-	-	-
2029-2033	1,440,000	377,705	-	-	-	-
2034-2038	1,675,000	138,699	-	-	-	-
	$ 4,390,000	$ 1,068,370	$ 225,000	$ 4,343	$ 1,349,182	$ 81,777

NOTE 9 – COMPONENT UNIT DISCLOSURES - ZANE STATE COLLEGE FOUNDATION

Description of the Foundation

The Zane State College Foundation (hereinafter "the Foundation") is a nonprofit organization as determined by Section 501(c)(3) of the Internal Revenue Code, further, the Foundation is organized under Section 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code.

The Foundation is organized and shall be operated exclusively for directorial, scientific or charitable purposes by conducting or supporting activities which benefit, or carry out the purpose of Zane State College, a state institution of higher learning, authorized under Chapter 3357 of the Ohio Revised Code including, but not limited to the creation of an endowment fund for annual scholarships in each technology program, the improvement of technical laboratory equipment, and opportunities for the professional development of College employees.

Solely for the above purpose, the Foundation is empowered to exercise all rights and powers conferred by the laws of the State of Ohio upon nonprofit corporations, including, but not limited to:

A. To accept, acquire, receive, take, and hold by bequest, devise, grant, gift, purchase, exchange, lease, transfer, judicial order or decree, or otherwise, for any of its objects and purposes, any property, both real and personal, whatever kind, nature or description and wherever situated;

B. To seal, exchange, convey, mortgage, lease, transfer, or otherwise dispose of any such property, both real and personal, as the objects and purposes of the Foundation may require, subject to such limitations as may be prescribed by law; and

C. To invest and reinvest its funds in such savings accounts, stocks, bonds, debentures, mortgages, or in such other securities, investments, and property as the Board of Directors shall deem advisable, subject to the limitations and conditions contained in any bequest, devise, grant, or gift, provided such limitations and conditions are not in conflict with those provisions of the Internal Revenue Code and its regulations dealing with organizations exempt from taxation under Section 501(c)(3), as such provisions now exist or as they may hereafter be amended.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Summary of Significant Accounting Policies

Net Position Classifications

For purposes of conformity with presentation with the College's financial statements, the following net position classifications have been used. Breakout of net assets for the Foundation is reflected later on in this footnote disclosure.

Restricted Net Position – Nonexpendable – Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position – Expendable – Expendable net position includes resources in which the Foundation is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position – Unrestricted net position includes resources in which the Foundation does not have any restrictions imposed by donors or other sources of funding.

NOTE 9 – COMPONENT UNIT DISCLOSURES - ZANE STATE COLLEGE FOUNDATION (Continued)

Income Tax Status

The Foundation has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Investments

Custodial credit risk for deposits is the risk that in the event of bank failure, the Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party.

At June 30, 2023, the carrying amount of the Foundation's deposits was $32,910 and the bank balance of the Foundation's deposits was $32,910. At June 30, 2023, the entire amount was covered by Federal Deposit Insurance.

The following summarizes the market value of investments at June 30, 2023:

		Years		
Investment Type	Market Value	Less than 1	1-3	3-5
Common Stock	$ 4,856,668	$ 4,856,668	$ -	$ -
Closely Held Stock	80,200	80,200	-	-
American Depository Share-Foreign Equities	432,292	432,292	-	-
Real Estate Investment Trusts	74,280	74,280	-	-
Marketable CD's	2,505,121	443,071	1,578,236	483,814
Mutual Funds	3,515,239	3,515,239	-	-
Mutual Fund-Exchange Traded Funds	481,063	481,063	-	-
Corporate Bonds	434,540	244,429	97,816	92,295
Federal Home Loan Mortgage Corporation	195,768	-	195,768	-
Federal Home Loan Bank Bonds	245,254	245,254	-	-
US Treasury Bills	97,511	97,511	-	-
US Treasury Notes/Bonds	295,750	-	295,750	-
Zane State College	225,000	225,000	-	-
Money Markets	88,926	88,926	-	-
	$ 13,527,612	$ 10,783,933	$ 2,167,570	$ 576,109

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy provides for management of the portfolio to minimize principal fluctuations with a long-term investment mix and with an initial target of 50% of its assets to be invested in Equities, 45% in Fixed Income and 5% in Cash Equivalents.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy limits investments to the following categories: Equities, Fixed Income and Cash Equivalents. The benchmark for the domestic equity portion of the portfolio will be the S&P 500 Equity Index. The fixed income portfolio should have an average credit quality of "A". Cash equivalents, if not guaranteed by the U.S. Government, should be the equivalent of A-2 by Standard and Poor's or P-2 by Moody's. The money market funds were rated AAAm. The corporate bonds were rated A-2 by Moody's. The Federal Home Loan Mortgage Corporation Bonds and Federal Home Loan Bank Bonds were rated P-1 by Moody's. The mutual funds, exchange traded funds, common stocks, closely held stocks, American Depository Share-Foreign Equities, Real Estate Investment Trusts and investments in Zane State College were not rated. Investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

NOTE 9 – COMPONENT UNIT DISCLOSURES - ZANE STATE COLLEGE FOUNDATION (Continued)

Concentration of credit risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in one single issuer.

The Foundation's investment policy calls for initial targets of asset categories along with acceptable ranges in order to balance the risks as follows: an initial target of 50% of its assets to be invested in Equities, 45% in Fixed Income and 5% in Cash Equivalents. It is the intent of the Foundation that as a general practice, the investment should remain in a range of +/- 5% of the target benchmarks.

Diversification. The equity portion will be diversified in terms of sector, industry, and company. No single equity position shall represent more than 10% of the equity investment fund. The fixed income portion should be properly diversified in terms of issuer, maturities/duration, and yield curve exposure. The fixed income portfolio may be invested in U.S. Government and agency obligations, marketable corporate bonds, mortgage-backed or asset-backed securities. The fixed income portfolio may include non-investment grade securities, with total exposure not to exceed 10% of the portfolio.

The Foundation's investments categories are diversified in common stocks (multiple equity positions – 35.9%), closely held stock (one equity position – 0.6%), American Depository Share-Foreign Equities (multiple equity positions – 3.2%), real estate investment trusts (multiple equity positions – 0.5%), marketable certificates of deposit (multiple equity positions – 18.5%), mutual funds (multiple equity positions – 26.0%), mutual funds - exchange traded funds (multiple equity positions – 3.6%), corporate bonds (single equity position – 3.2%), Federal Home Loan Mortgage Corporation Bonds (1.4%), Federal Home Loan Bank Bonds (1.8%), US Treasury Bills (0.7%), US Treasury Notes/Bonds (2.2%), Zane State College (1,.7%), and money markets (multiple equity positions – 0.7%).

Custodial credit risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The Foundation's policy does not address custodial credit risk. All of the Foundation's investments are held in the name of the Foundation.

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 825-10, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

NOTE 9 – COMPONENT UNIT DISCLOSURES - ZANE STATE COLLEGE FOUNDATION (Continued)

The fair value of investments held by the Foundation at June 30, 2023 is summarized as follows:

Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	$ 4,856,668	$ -	$ -
Closely Held Stock	80,200	-	-
American Depository Share-Foreign Equities	432,292	-	-
Real Estate Investment Trusts	74,280	-	-
Marketable CD's	2,505,121	-	-
Mutual Funds	3,515,239	-	-
Mutual Funds-Exchange Traded Funds	481,063	-	-
Corporate Bonds	434,540	-	-
Federal Home Loan Mortage Corporation	195,768		
Federal Home Loan Bank Bonds	245,254	-	-
US Treasury Bills	97,511		
US Treasury Notes/Bonds	295,750		
Zane State College	-	-	225,000
Money Markets	88,926	-	-
	$ 13,302,612	$ -	$ 225,000

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

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

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation did not have any deficiencies of this nature as of June 30, 2023.

NOTE 9 – COMPONENT UNIT DISCLOSURES - ZANE STATE COLLEGE FOUNDATION (Continued)

Net Assets Released from Restrictions

Net assets were released from donor restrictions in fiscal year 2023 by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. The Foundation distributed $141,007 in scholarships that related to the satisfaction of these donor restrictions.

Revenues and Expenses

The following table presents information about the component unit's statement of activities for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	$ 50,830	$ 53,497	$ 104,327
Other Receipts	6,701	-	6,701
Interest & Dividends (Net Fees & Expenses)	8,760	218,844	227,604
Change in Market Value of Investments	41,213	1,030,584	1,071,797
Net Assets Released from Restrictions	387,402	(387,402)	-
Total Support and Revenue	494,906	915,523	1,410,429
Expenses:			
Scholarship	141,007	-	141,007
Capital	-	-	-
Learning & Educational Resources	249,924	-	249,924
Administrative	147,086	-	147,086
	538,017	-	538,017
Change in Net Assets	(43,111)	915,523	872,412
Net Assets at Beginning of Period	596,472	12,040,740	12,637,212
Net Assets at End of Period	$ 553,361	$ 12,956,263	$ 13,509,624

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability/Net OPEB Liability (Asset) (Continued)

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

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

GASB Statements No. 68/75 assume the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for the OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - School Employees Retirement System (SERS) (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. In 2022, the Retirement Board approved a 0.5 percent COLA for eligible retirees and beneficiaries in 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2023.

The College's contractually required contribution to SERS was $432,852 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System (STRS) (Continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age.

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

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS Ohio was $535,562 for fiscal year 2023.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability disclosed as current year below was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0807001%	0.029242750%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0906525%	0.031144537%	
Change in Proportionate Share	-0.0099524%	-0.001901787%	
Proportion of the Net Pension Liability	$4,364,922	$6,500,700	$10,865,622
Pension Expense (Gain)	($31,272)	$91,098	$59,826

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$176,783	$83,218	$260,001
Changes of assumptions	43,069	777,938	821,007
Differences between projected and actual investment earnings	-	226,210	226,210
College contributions subsequent to the measurement date	432,852	535,562	968,414
Total	$652,704	$1,622,928	$2,275,632

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$28,655	$24,868	$53,523
Differences between projected and actual investment earnings	152,315	0	152,315
Changes of assumptions	0	585,564	585,564
Difference from a change in proportion and differences between College contributions and proportionate share of contributions	454,592	921,629	1,376,221
Total	$635,562	$1,532,061	$2,167,623

$968,414 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($240,201)	($426,419)	($666,620)
2025	(211,046)	(338,338)	(549,384)
2026	(217,587)	(339,213)	(556,800)
2027	253,124	659,275	912,399
Total	($415,710)	($444,695)	($860,405)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – SERS (Continued)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	-0.45%
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – SERS (Continued)

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$6,424,956	$4,364,922	$2,629,370

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefits since the prior measurement date.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below

	June 30, 2022	June 30, 2021
Inflation	2.50 %	2.50 %
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %	12.50 % at age 20 to 2.50% at age 65
Payroll increases	3.00 %	3.00 %
COLA or Ad Hoc COLA	0.00 %	0.00 %
Discount rate of return	7.00 %	7.00 %
Investment Rate of Return	7.00 percent net of investment expenses, including inflation	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80 %
Alternatives	19.00	7.38 %
Fixed Income	22.00	1.75 %
Real Estate	10.00	5.75 %
Liquidity Reserves	1.00	1.00 %
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$9,820,191	$6,500,700	$3,693,438

Changes Between the Measurement Date and the Reporting date STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

Alternative Retirement Plan

The College offers a defined contribution plan as an alternative to participation with State mandated defined benefit plans in accordance with state law. Non-elective employee contributions and employer contributions are made to the plan in amounts equivalent to the participant's compensation which would have otherwise been contributed to the State Retirement System that applies to the participant's position. There was one participant in the program as of June 30, 2023. Contributions to the plan for the fiscal years ended June 30, 2023, 2022 and 2021 were $11,322; $8,800; and $17,168, respectively.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset). The College reports on the cash basis of accounting, so there is no net OPEB liability(asset) recorded in the accompanying financial statements.

School Employees Retirement System

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

School Employees Retirement System (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the College's surcharge obligation was $6,042.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2023. The College's contractually required contribution to SERS was $6,042 for fiscal year 2023.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB (asset) liability was measured as of June 30, 2022, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB (asset) liability was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset) - Current Year	0.07428560%	0.029242750%	
Proportionate Share of the Net OPEB Liability (Asset) - Prior Year	0.08408570%	0.031144537%	
Change in Proportionate Share	0.00980010%	0.00190179%	
Proportion Share of the Net OPEB Liability	$1,042,978	$0	$1,042,978
Proportion Share of the Net OPEB (Asset)	$0	($757,192)	($757,192)
OPEB Expense (Gain)	($260,086)	($218,660)	($478,746)

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$8,768	$10,977	$19,745
Difference from a change in proportion and differences between College contributions and proportionate share of contributions	17,644	1,493	19,137
Changes of assumptions	165,899	32,254	198,153
Differences between projected and actual investment earnings	5,422	13,181	18,603
College contributions subsequent to the measurement date	6,042	0	6,042
Total	$203,775	$57,905	$261,680

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$667,165	$113,716	$780,881
Differences between projected and actual investment earnings	0	0	0
Changes of assumptions	428,149	536,922	965,071
Difference from a change in proportion and differences between College contributions and proportionate share of contributions	353,476	137,117	490,593
Total	$1,448,790	$787,755	$2,236,545

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)

$6,042 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($281,783)	($255,872)	($537,655)
2025	(284,999)	(213,184)	(498,183)
2026	(225,323)	(92,825)	(318,148)
2027	(130,378)	(34,606)	(164,984)
2028	(97,879)	(44,166)	(142,045)
Thereafter	(230,695)	(89,197)	(319,892)
Total	($1,251,057)	($729,850)	($1,980,907)

Actuarial Assumptions - SERS

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

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

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continud)

Actuarial Assumptions – SERS (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest two actuarial valuations are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Municipal Bond Index Rate:	3.69 %	1.92 %
Single Equivalent Interest Rate, Net of Plan Investment Expense, Including Price Inflation	4.08 %	2.27 %
Medical Trend Assumption	7.00 to 4.40 %	
Medicare		5.125 to 4.400 %
Pre-Medicare		6.750 to 4.400 %

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	-0.45%
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%).

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
College's proportionate share of the net OPEB liability	$1,295,394	$1,042,978	$839,209

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
College's proportionate share of the net OPEB liability	$804,323	$1,042,978	$1,354,699

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50 %		2.50 %	
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %		12.50 % at age 20 to 2.50% at age 65	
Payroll increases	3.00 %		3.00 %	
Cost-of-living adjustments (COLA)	0.00 %		0.00 %	
Discount rate of return	7.00 %		7.00 %	
Investment Rate of Return	7.00 percent net of investment expenses, including inflation		7.00 percent net of investment expenses, including inflation	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Contnued)

Actuarial Assumptions – STRS (Continued)

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80 %
Alternatives	19.00	7.38 %
Fixed Income	22.00	1.75 %
Real Estate	10.00	5.75 %
Liquidity Reserves	1.00	1.00 %
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and was 7.45% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the College's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OEPB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB (asset) liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
College's proportionate share of the net OPEB (asset) liability	($700,004)	($757,192)	$806,178

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
College's proportionate share of the net OPEB (asset) liability	($785,392)	($757,192)	($721,596)

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

NOTE 12 – RISK MANAGEMENT

A. Property and Liability

The College is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the College contracted through the Young Insurance Agency for liability, property, vehicle insurance, and errors and omissions insurance with Utica National Insurance Group.

Coverage provided is as follows:	
Umbrella Liability (No deductible)	$ 4,000,000 limit
Building and Contents - replacement cost ($10,000 deductible)	78,650,566 limit
Inland Marine Watercraft ($500 deductible)	65,729 limit
Inland Marine Contractor Equipment ($5,000 deductible)	232,703 limit
Inland Marine EDP coverage Main ($10,000 deductible)	525,000 limit
Theft, Disappearance and Destruction ($5,000 deductible)	100,000 limit inside and outside premises
Employee Dishonesty Insurance ($5,000 deductible)	100,000 limit each event
Automobile Liability - Bodily Injury and Property Damage ($500 deductible)	1,000,000 each accident
General and Professional Liability Insurance	1,000,000 each occurrence 3,000,000 aggregate

Settled claims have not exceeded this commercial coverage in any of the past three years, except one relating to a cyber policy. The excess was under $100,000. The College had no significant changes in insurance coverage from the prior year.

NOTE 12 – RISK MANAGEMENT (Continued)

B. Workers' Compensation and Healthcare

For fiscal year 2023, the College participated in the Ohio College Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the College by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating colleges is calculated as one experience and a common premium rate is applied to all colleges in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to colleges that can meet the GRP's selection criteria. The firm of Sedgwick Claims Management Services provides administrative, cost control and actuarial services to the GRP.

The College is self-insured for health claims. The College estimates the liability for health claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The liability is recorded within other accrued liabilities in the statement of net position. Changes in the estimated liability for fiscal years ended June 30, 2023 and 2022 was as follows:

	Health Claims	
	2023	2022
Unpaid claims – Beginning of year	$129,876	$127,687
Incurred claims, including claims incurred but not reported	708,639	950,831
Claims payments	(710,437)	(948,642)
Unpaid claims – End of year	$128,078	$129,876

NOTE 13 – CONTINGENCIES

A. Grants

The College received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Current Unrestricted Educational and General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the College at June 30, 2023.

B. Litigation

During fiscal year 2023, the College engaged the Ohio Attorney General's Office to bring a lawsuit against three companies – Robertson Construction Services, Inc.; SHP Leading Design; and Quandel Construction Group, Inc. The lawsuit, filed October 19, 2022 in Muskingum County Common Pleas Court, explained that faulty design and construction of Zane State College's Advanced Science and Technology Center have caused the brick and stone façade to split and crumble on the building's south, east, and west sides. The cost to repair is estimated to be in excess of $1.5 million.

NOTE 14 – NET POSITION RESTRICTED BY ENABLING LEGISLATION

Of the College's $1,017,425 in restricted net position, none was restricted by enabling legislation.

NOTE 15 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2023, the College has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the College.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the College.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Please refer to Note 17, Change in Accounting Principles for details on the financial statement impact of GASB 96.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the College.

GASB Statement No. 99 was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the College.

NOTE 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 and the national state of emergency ended in May of 2023. During fiscal year 2023, the College received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the College. The impact on the College's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

NOTE 17 – RESTATEMENT OF BEGINNING BALANCES

As more fully described in Note 15, the College implemented GASB Statement No. 96. The implementation of this statement resulted in the following changes to the College's assets, liabilities, and net position as of July 1, 2022. There was no net effect on deferred outflows of resources and deferred inflows of resources as of July 1, 2022 so these items are not reflected below.

	June 30, 2022 as Originally Reported	GASB 96 Adoption	July 1, 2022 as Restated
Current Assets	$6,038,039	$ -	$6,038,039
Noncurrent Assets	31,445,182	1,788,001	33,233,183
Total Assets	37,483,221	1,788,001	39,271,222
Current Liabilities	2,569,723	413,719	2,983,442
Noncurrent Liabilities	14,178,511	1,349,182	15,527,693
Total Liabilities	16,748,234	1,762,901	18,511,135
Net Position	$14,585,004	$ 25,100	$14,610,104

Zane State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's proportion of the net pension liability	0.0807007%	0.0906525%	0.0918318%	0.0947653%	0.1070134%	0.1038891%	0.1207763%	0.1296965%	0.1231800%	0.1231800%
College's proportionate share of the net pension liability	$ 4,364,922	$ 3,344,814	$ 6,073,949	$ 5,669,974	$ 6,128,856	$ 6,207,144	$ 8,839,711	$ 7,400,608	$ 6,234,070	$ 7,325,119
College's covered payroll	$ 3,014,629	$ 3,129,093	$ 3,219,421	$ 3,257,141	$ 3,586,533	$ 3,485,664	$ 3,750,864	$ 3,904,423	$ 3,579,380	$ 3,412,970
College's proportionate share of the net pension liability as a percentage of its covered payroll	144.79%	106.89%	188.67%	174.08%	170.89%	178.08%	235.67%	189.54%	174.17%	214.63%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

See accompanying notes to required supplementary information.

Zane State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's proportion of the net pension liability	0.02924275%	0.03114454%	0.03267199%	0.03645953%	0.03977556%	0.04487159%	0.05011378%	0.05499969%	0.05649551%	0.05649551%
College's proportionate share of the net pension liability	$ 6,500,700	$ 3,982,109	$ 7,905,459	$ 8,062,806	$ 8,745,753	$ 10,659,342	$ 16,774,593	$ 15,200,306	$ 13,741,663	$ 16,368,979
College's covered payroll	$ 3,801,700	$ 3,826,893	$ 3,926,893	$ 4,280,493	$ 4,521,807	$ 5,090,279	$ 5,272,936	$ 5,738,293	$ 5,772,454	$ 6,442,862
College's proportionate share of the net pension liability as a percentage of its covered payroll	170.99%	104.06%	201.32%	188.36%	193.41%	209.41%	318.13%	264.89%	238.06%	254.06%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.80%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

See accompanying notes to required supplementary information.

Zane State College

Required Supplementary Information
Schedule of College Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 432,852	$ 422,048	$ 438,073	$ 450,719	$ 439,714	$ 484,182	$ 487,993	$ 525,121	$ 514,603	$ 496,102
Contributions in relation to the contractually required contribution	(432,852)	(422,048)	(438,073)	(450,719)	(439,714)	(484,182)	(487,993)	(525,121)	(514,603)	(496,102)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,091,800	$ 3,014,629	$ 3,129,093	$ 3,219,421	$ 3,257,141	$ 3,586,533	$ 3,485,664	$ 3,750,864	$ 3,904,423	$ 3,579,380
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00% #	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

See accompanying notes to required supplementary information

Zane State College

Required Supplementary Information

Schedule of College Pension Contributions

State Teachers Retirement System of Ohio

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 535,562	$ 532,238	$ 535,765	$ 549,765	$ 599,269	$ 633,053	$ 712,639	$ 738,211	$ 803,361	$ 750,419
Contributions in relation to the contractually required contribution	(535,562)	(532,238)	(535,765)	(549,765)	(599,269)	(633,053)	(712,639)	(738,211)	(803,361)	(750,419)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College covered payroll	$ 3,825,443	$ 3,801,700	$ 3,826,893	$ 3,926,893	$ 4,280,493	$ 4,521,807	$ 5,090,279	$ 5,272,936	$ 5,738,293	$ 5,772,454
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to required supplementary information.

Zane State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net OPEB liability	0.07428560%	0.08408570%	0.08511040%	0.08677990%	0.09770460%	0.09498150%	0.11109230%
College's proportionate share of the net OPEB liability	$ 1,042,978	$ 1,591,391	$ 1,849,728	$ 2,182,332	$ 2,710,590	$ 2,549,054	$ 3,166,542
College's covered payroll	$ 3,014,629	$ 3,129,093	$ 3,219,421	$ 3,257,141	$ 3,586,533	$ 3,485,664	$ 3,750,864
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.60%	50.86%	57.46%	67.00%	75.58%	73.13%	84.42%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.
Amounts presented as of the College's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

Zane State College
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net OPEB liability (asset)	0.02924275%	0.03114454%	0.03267199%	0.03645953%	0.03977556%	0.04487159%	0.05011378%
College's proportionate share of the net OPEB liability (asset)	$ (757,192)	$ (656,657)	$ (574,210)	$ (603,857)	$ (639,153)	$ 1,750,724	$ 2,680,098
College's covered payroll	$ 3,801,700	$ 3,826,893	$ 3,926,893	$ 4,280,493	$ 4,521,807	$ 5,090,279	$ 5,272,936
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-19.92%	-17.16%	-14.62%	-14.11%	-14.13%	34.39%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2016 is not available.
Amounts presented as of the College's measurement
date which is the prior fiscal year.

See accompanying notes to required supplementary information.

Zane State College
Required Supplementary Information
Schedule of College Contributions for OPEB
School Employees Retirement System of Ohio
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 6,042	$ 6,411	$ 10,667	$ 6,512	$ 20,807	$ 22,476	$ 3,468	$ -
Contributions in relation to the contractually required contribution	(6,042)	(6,411)	(10,667)	(6,512)	(20,807)	(22,476)	(3,468)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,091,800	$ 3,014,629	$ 3,129,093	$ 3,219,421	$ 3,257,141	$ 3,586,533	$ 3,485,664	$ 3,750,864
Contributions as a percentage of covered payroll	0.20%	0.21%	0.34%	0.20%	0.64%	0.63%	0.10%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

Zane State College
Required Supplementary Information
Schedule of College Contributions for OPEB
State Teachers Retirement System of Ohio
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College covered payroll	$ 3,825,443	$ 3,801,700	$ 3,826,893	$ 3,926,893	$ 4,280,493	$ 4,521,807	$ 5,090,279	$ 5,272,936
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

Changes in assumptions

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

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

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in assumptions

2023: The following change of assumptions affected the total pension liability since the prior measurement date:

(1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.45% to 7.00%,
(2) The discount rate of return was reduced from 7.45% to 7.00%,

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

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

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

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

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The municipal bond index rate went from 1.92% to 3.69%
(2) The single equivalent interest rate when from 2.27% to 4.08% medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Wage inflation decreased from 3.00% to 2.40%
(2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
(3) Investment rate of return decreased from 7.50% to 7.00%
(4) The discount rate decreased from 7.50% to 7.00%
(5) Municipal Bond Index Rate:
Prior Measurement Date 2.45%
Measurement Date 1.92%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 2.63%
Measurement Date 2.27%
(7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
Prior Measurement Date 3.13%
Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
Prior Measurement Date 3.56%
Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.63%
Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%
(2) Municipal Bond Index Rate:
Fiscal Year 2018 3.56%
Fiscal Year 2017 2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

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

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

Changes in assumptions

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

Zane State College

Schedule of Federal Awards, Receipts and Expenditures

For the Year Ended June 30, 2023

Federal Grantor/ *Pass Through Grantor/* Program Title	Pass Through Entity Number	Federal AL Number	Receipts	Expenditures
National Science Foundation				
Direct from the Federal Agency:				
Mathematical and Physical Sciences	N/A	47.049	70,255	70,255
Total National Science Foundation			70,255	70,255
United States Department of Education				
Direct from the Federal Agency:				
Student Financial Assistance Cluster:				
Federal Direct Student Loans	N/A	84.268	732,184	732,184
Federal Work-Study Program	N/A	84.033	58,868	58,868
Federal Pell Grant Program	N/A	84.063	1,500,952	1,500,952
Total Student Financial Aid Cluster			2,292,004	2,292,004
Trio Student Support Services	N/A	84.042	298,216	298,216
Institutional Aid - Title III	N/A	84.031	610,728	610,728
Education Stabilization Fund:				
Direct from the Federal Agency:				
Higher Education Emergency Relief Fund - Student Portion	N/A	84.425E	11,813	11,813
Higher Education Emergency Relief Fund - Institutional Portion	N/A	84.425F	642,185	642,185
Total Education Stabilization Fund			653,998	653,998
Passed through the Ohio Department of Education:				
Career and Technical Education - Basic Grants to States - Title I	3L90	84.048	66,593	66,593
Total United States Department of Education			3,921,539	3,921,539
United States Department of Labor				
Passed through Muskingum University:				
Building Healthcare Pathways in Rural Appalachian Ohio	N/A	17.277	22,652	22,652
Total United States Department of Labor			22,652	22,652
Total Federal Financial Assistance			**4,014,446**	**4,014,446**

See the Notes to the Schedule of Federal Award Receipts and Expenditures

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Zane State College (the College) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The College has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – FEDERAL DIRECT LOANS PROGRAM

The College participates in the Federal Direct Student Loan Program. The dollar amount listed in the Schedule represents new loans advanced during the fiscal year ended June 30, 2023. The College is a direct lender for these loan funds; however, they are not responsible for collecting these loans in future periods.

NOTE E – REPORTING OF PRIOR YEAR FEDERAL AWARD RECEIPTS AND EXPENDITURES

During fiscal year 2022, the College received and expended $32,920 in GEER-FAFSA21 federal awards which should have been reported in the College's 2022 Schedule of Federal Awards Receipts and Expenditures but was not reported. The amount was not material to the 2022 Schedule of Federal Awards Receipts and Expenditures and did not affect the testing of federal programs for fiscal year 2022. These monies would have been reported under Federal AL Number 84.425C.

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

Zane State College
Muskingum County
1555 Newark Road
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the business-type activities, and the discretely presented component unit of Zane State College, Muskingum County, (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 December 20, 2023, wherein we noted the College adopted new accounting guidance in Governmental Accounting Standards Board Statement 96, *Subscription-Based Information Technology Arrangements*.

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.

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www.bhmcpagroup.com

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 20, 2023

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

Zane State College
Muskingum County
1555 Newark Road
Zanesville, Ohio 43701

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Zane State College's, Muskingum County, (College) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Zane State College's major federal program for the year ended June 30, 2023. Zane State College's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

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Responsibilities of Management for Compliance

The College's 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.

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 the 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

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 20, 2023

Zane State College
Muskingum County, Ohio

Schedule of Findings
2 CFR § 200.515
June 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Assistance Cluster: AL #84.268, #84.033, & #84.063
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted

OHIO AUDITOR OF STATE
KEITH FABER

ZANE STATE COLLEGE

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/8/2024

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