CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE
HAMILTON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Cincinnati State Technical and Community College
3520 Central Parkway
Cincinnati, Ohio 45223

We have reviewed the *Independent Auditors' Report* of the Cincinnati State Technical and Community College, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 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 Cincinnati State Technical and Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2023

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Cincinnati State Technical and Community College

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

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

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 Cincinnati State Technical and Community College (the College), a component unit of the State of Ohio, 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 the College, 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 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 13, 2023

Introduction, Mission and Governance

Our discussion and analysis of Cincinnati State Technical & Community College's financial performance provides an overview of the financial activities for the year ended June 30, 2023, with selected comparative information for the fiscal year ended June 30, 2022. This discussion, prepared by management, read in conjunction with the financial statements and the notes thereto which follow this section.

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

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

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

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

The President and Board of Trustees set the following fiscal priorities for the College for fiscal year 2023:

- Support the College mission and strategic plan through sufficient fiscal support of the educational programs; and
- Annual positive cash flow, annual positive net surplus, Senate Bill 6 Composite Score no less than 3.00, and fiscal support to stabilize enrollment, mitigate aging facilities, and implement strategic planning projects.

During fiscal years 2020-2022 the federal government allocated stimulus to the College through the CARES, CRRSA, and ARPA Acts for emergency financial aid for students and institutional aid for the College. The College also received an allocations of CARES Act funding passed through from the State of Ohio.

During the fall of 2020 the College's Main Building in Clifton was impacted by an insurance event that closed the building. Water from a breach in the College fire loop flooded the building's boiler room and service tunnels. Boilers, Chillers, electrical supply, life safety, and air compression systems were damaged and had to be replaced. The building re-opened for the Spring 2021 semester but repairs and equipment replacement were not completed and fully commissioned until August 2021. The College is fully insured and resolved the insurance claim and recovering expenses incurred as a result of the water damage during fiscal years 2021 and 2022.

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

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

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

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

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

Financial Summary

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

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

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

Statement of Net Position

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

	2023	2022
Assets and Deferred Outflows of Resources		
Cash, cash equivalents, and investments	$ 49,870	$ 44,495
Accounts receivable – Net	5,073	8,284
Other assets	758	844
Other long-term assets	3,712	3,072
Capital assets – Net	78,488	75,422
Total assets	137,901	132,117
Deferred outflows of resources	11,675	11,762
Total assets and deferred outflows of resources	**$ 149,576**	**$ 143,879**
Liabilities and Deferred Inflows of Resources		
Accounts payable and accrued expenses	$ 9,379	$ 6,755
Unearned revenue	4,692	5,095
Long-term liabilities	70,944	57,010
Total liabilities	85,015	68,860
Deferred inflows of resources	17,705	39,608
Total liabilities and deferred inflows of resources	102,720	108,468
Net Position		
Net investment in capital assets	59,692	53,737
Restricted	1,333	1,705
Unrestricted	(14,169)	(20,031)
Total net position	46,856	35,411
Total liabilities, deferred inflows of resources, and net position	**$ 149,576**	**$ 143,879**

Assets and Deferred Outflows of Resources

Cash, cash equivalents, and investments make up 33.3 percent and 30.9 percent of total assets and deferred outflows at June 30, 2023 and 2022, respectively. Cash, cash equivalents, and investments include bank deposits, cash on hand, cash with fiscal agent, U.S. government agency securities, and Treasury notes. Cash, cash equivalents and investments were up, $5.4 million, at June 30, 2023 from June 30, 2022.

Net accounts receivable make up 3.4 percent and 5.8 percent, of the total assets and deferred outflows a June 30, 2023 and 2022, respectively. The net decrease in accounts receivable from fiscal year 2022 to fiscal year 2023 is attributable to stimulus funding not drawn down at the prior year end for reimbursement of allowable expenses and lost revenue. Accounts receivable at June 30 include (in thousands):

Accounts Receivable	**2023**	**2022**
Tuition and fees	$ 8,516	$ 7,467
Grants and other	1,004	5,290
Allowance for doubtful accounts	(4,447)	(4,473)
Total net accounts receivable	**$ 5,073**	**$ 8,284**

Capital assets, net of depreciation, make up 52.5 percent and 52.4 percent of the total assets and deferred outflows at June 30, 2023 and 2022, respectively. Fiscal year 2023 capital assets activity was primarily related to the Health Simulation Lab construction project, the ERP modernization project, and the gym roof replacement. Fiscal year 2022 capital assets activity was primarily related to the large insurance claim impacting the College's main building on the Clifton Campus. Repair and replacement work related to the claim exceeded $10 million, existing HVAC and electrical equipment were disposed of, and new, replacement capital assets replaced assets destroyed by water damage. Other assets include prepaid expenses, bond escrow payments, and cafeteria, restaurant, and other College inventories.

Liabilities and Deferred Inflows of Resources

The increase in total liabilities was primarily due to an increase in the College's proportionate share of the net pension liability compared to the prior year as reported by the State-wide retirement systems offset by decreases in the debt obligations due to scheduled principal payments as well as a decrease in the College's proportionate share of the net OPEB liability compared to the prior year as reported by the State-wide retirement systems. Long-term debt is discussed in more detail in Note 7 to the Financial Statements. The other activity in this area relates to the net pension and OPEB assets and liabilities and related deferred inflows and outflows of resources, which are included in Notes 16 and 17 of the Financial Statements.

Net Position

Total net position increased $11.4 million compared to June 30, 2022. The increase in net position is due to improving fiscal performance of the College general fund (i.e. revenues in excess of expenses) due to stabilizing revenue related to enrollment and cost containment. All of the College's restricted net position is expendable and includes reserves for debt service and deferred maintenance. Unrestricted net position is not subject to externally imposed stipulations and may be designated for specific purposes by action of management or the board of trustees. Substantially all unrestricted net position is allocated for academic programs, general operations, deferred maintenance, and initiatives.

Statement of Revenue, Expenses, and Changes in Net Position

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

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

	2023	(Revised) 2022
Revenues		
Tuition and fees – Net	$ 15,929	$ 16,300
Grants and contracts	18,582	31,382
Sales and services	1,995	1,620
Auxiliary services	999	461
Other revenue	3,112	1,999
State instructional appropriations	28,346	28,300
State capital appropriations	5,100	3,541
Total revenue	74,063	83,603
Expenses		
Instruction	22,844	18,953
Public service	2,199	1,803
Academic support	5,015	4,637
Student services	4,692	3,690
Institutional support	12,985	15,291
Operations and maintenance	7,495	2,517
Depreciation	3,984	3,808
Scholarships	1,797	9,891
Auxiliary services	882	730
Loss on disposal of capital assets	18	-
Realized loss on casualty event	-	2,978
Interest on capital asset related debt	707	813
Total expenses	62,618	65,111
Increase in net position	$ 11,445	$ 18,492

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

	2023	(Revised) 2022
Revenues		
Tuition and fees – Net	$ 15,929	$ 16,300
Grants and contracts	18,582	31,382
Sales and services	1,995	1,620
Auxiliary services	999	461
Other revenue	3,112	1,999
State instructional appropriations	28,346	28,300
State capital appropriations	5,100	3,541
Total revenue	74,063	83,603
Expenses		
Instruction	26,067	25,174
Public service	2,416	2,235
Academic support	5,613	5,786
Student services	5,153	4,534
Institutional support	13,803	16,714
Operations and maintenance	7,812	3,041
Depreciation	3,984	3,808
Scholarships	1,796	9,891
Auxiliary services	882	730
Loss on disposal of capital assets	18	-
Realized loss on casualty event	-	2,978
Interest on capital asset related debt	707	813
Total expenses	68,251	75,704
Increase in net position	$ 5,812	$ 7,899

Revenues

Revenue for fiscal year 2023 decreased by $9.5 million or 11.4 percent compared with fiscal year 2022. The change derives primarily from the following functional categories of revenue:

1. Grants and contracts revenue decreased by $12.8 million as a result of stimulus funding exhausting during fiscal year 2023, resulting in a decrease of $14.5 million, offset by an increase in Pell grants of $1.0 million in fiscal year 2023 compared to fiscal year 2022.

2. Auxiliary services increased by $538 thousand compared to fiscal year 2022 primarily due to the resumption of the Midwest Culinary Institute and charging to park in the College's garages.

3. Other revenue increased by $1.1 million compared to fiscal year 2022 primarily due to an increase in investment income as a result of improved market performance.

4. State capital appropriations increased by $1.6 million, or 44.0 percent, compared to fiscal year 2022, largely as a result of the timing in state capital projects from year to year.

Expenses

Expenses for fiscal year 2023 decreased by $2.5 million, over fiscal year 2022 when including the impact of GASB 68/75. When excluding the impact of GASB 68/75, expenses decreased $7.5 million over fiscal year 2022, primarily due to the impact of one-time events in the prior year including expenditures from federal stimulus funding and a casualty event. The containment of costs (excluding GASB 68/75) relative to enrollment continues to be critical to meeting the fiscal goals established by the President of the College and Board of Trustees, however, due to positive fiscal results in recent years, the President and Board of Trustees authorized limited increases in operating and capital expenses targeted at enrollment growth. The change derives primarily from the following functional categories of expense (excluding adjustments for GASB 68 and 75):

1. Instruction expenses increased by $893 thousand, or 3.5 percent, and student services expenses increased by $619 thousand, or 13.7 percent, compared to fiscal year 2022, primarily due to investment in academic programs with the objective to improve enrollment.

2. Institutional support expenses decreased by $2.9 million, or 17.4 percent, compared to fiscal year 2022, primarily due to on-going cost containment efforts by the College in addition to hiring challenges in a tight labor market during fiscal year 2023.

3. Operation and maintenance expenses increased by $4.7 million, or 156.9 percent, compared to fiscal year 2022, primarily due to investments in infrastructure and deferred maintenance projects compared to prior years.

4. Scholarships expenses decreased by $8.1 million, or 81.8 percent, compared to fiscal year 2022, primarily due to the exhaustion of emergency grants to students from the Higher Education Emergency Relief Fund.

5. The College had a realized loss on casualty event of $3.0 million during fiscal year 2022 due to the water damage caused by a breach in the College's fire loop flooding the building's boiler room and service tunnels in fiscal year 2021.

Statement of Cash Flows

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

Statement of Cash Flows	**2023**	**2022**
Net cash used in operating activities	$ (35,246)	$ (41,943)
Net cash provided by non-capital financing activities	44,959	61,086
Net cash used in capital and related financing activities	(5,362)	(3,093)
Net cash used in investing activities	(5,021)	(14,346)
Net increase in cash and cash equivalents	(670)	1,704
Cash and cash equivalents – Beginning of year	6,418	4,714
Cash and cash equivalents – End of year	**$ 5,748**	**$ 6,418**

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

Cash, Cash Equivalents, and Investments

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

Cash, Cash Equivalents, and Investments

	2023	2022
Cash and cash equivalents	$ 5,559	$ 6,119
Cash with fiscal agent	189	299
Investments	44,122	38,077
Total cash, cash equivalents, and investments	**$ 49,870**	**$ 44,495**

Capital Assets

Capital assets, net of accumulated depreciation, totaled $78.5 million and $75.4 million at June 30, 2023 and 2022, respectively, an increase of $3.1 million in fiscal year 2023. Changes in capital assets during fiscal years 2023 and 2022 included (in millions):

Capital Assets

	Balance June 30, 2022	Net Additions or (Reductions)	Balance June 30, 2023
Land	$ 2.3	$ -	$ 2.3
Land improvements	2.7	-	2.7
Building and improvements	141.6	3.2	144.8
Equipment and furniture	10.8	2.0	12.8
Library books and audio visual	1.2	0.1	1.3
Construction in progress	1.2	1.7	2.9
Accumulated depreciation	(84.4)	(3.9)	(88.3)
Total	**$ 75.4**	**$ 3.1**	**$ 78.5**

Senate Bill 6

The Ohio Department of Higher Education evaluates state institutions of higher education based on a composite score of financial ratios established by Ohio law (the Senate Bill 6 score). Cincinnati State's Senate Bill 6 score for fiscal year 2023 remained 4.70, as calculated by the College, which is the third consecutive record Senate Bill 6 Composite Score for the College. The President and Board of Trustees identified raising the Senate Bill 6 as a high priority for the College.

Instruction and Academics

Cincinnati State provides students of all walks a pathway to a college credential (a certificate, associate degree or bachelor of applied science) for an in-demand career, and positions graduates to continue to a bachelor's degree should they so choose. To achieve this mission, the College invests its resources in its academic programs, especially technical equipment and faculty, as opposed to costly amenities associated with universities.

The College is organized into four academic divisions, each lead by a Dean who reports to the Provost: Business Technologies; Health & Public Safety; Engineering & Information Technologies; and Humanities & Sciences.

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

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

The College's Student Success & Completion Plan is the central, organizing vehicle for, planning, implementing, and analyzing the effectiveness of efforts that support students throughout their academic journey. The Campus Student Success & Completion Plan is measured against specific key performance indicators relevant to every Ohio Community College and based upon nationally normed data. The key performance indicators are (1) Average Credits Earned; (2) Credit Pass Rates; and (3) Term to Term Persistence Rates. Each department within the College (including Academic and Non-Academic Departments) develops specific, measurable objectives related to the four institutional priorities of the Campus Student Success & Completion Plan.

The student success initiatives of the Completion Plan recently implemented at scale, or are in the process of implementation, have been studied and developed by the Completion Plan Steering Committee and are based on national best practices. This iteration of the Completion Plan includes 13 objectives across the student life cycle, but it places a heavy emphasis on instruction, completion, and post-graduation outcomes. These objectives also reflect enrollment trends seen at Cincinnati State and across Ohio including an increased interest in quality online educational offerings, growth in dual enrollment (College Credit Plus), and a desire to partner with adult students to meet Ohio's workforce needs. Progress will be measured with each objective's metrics and with the three overarching Key Performance Indicators: Pass Rate, Average Credits Earned, and Fall to Spring Persistence. Link to complete Cincinnati State Completion and Student Success Plan 2022-24: https://highered.ohio.gov/static/completion/2022/Cincinnati-State_Completion-Plan_2022.pdf.

With respect to distance education in the post-pandemic environment, the College has leveraged its online education infrastructure to better and more efficiently serve students with remote course offerings and remote students supports (e.g. advising, disability services, etc.). The College online course offerings (*asynchronous* and *synchronous*) have expanded – driven by quality assurance (i.e. the best format given the course learning outcomes), as well as student preference (some students learn better in the synchronous "live web" formats where there is regular virtual class meetings and interaction with an instructor and peers). The College continues to provide robust support for students and for faculty transitioning to remote instruction. Support for students includes building the cost of a laptop into the cost of instruction of each academic program – allowing a student to use his/her federal financial aid to purchase a laptop. The College also provides a laptop loaner program for students. With respect to faculty, the College's Center for Teaching and Learning and the College's *Office of Online Instruction* have provided customized workshops and individual training to assist faculty with effective online teaching.

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

Outreach to special populations, high school students, Veterans, international, and Hispanic students continue. The College is in its second year of instituting *CSTATE Accelerate*, via philanthropic support and institutional resources. The program, modeled after the Ohio replication of the CUNY model, provides at risk students with wrap-around supports and incentives on the condition that the students maintain full time enrollment and stay in constant contact with their success coaches. The program is proving to significantly shorten these students' time to degree, as well as their retention. The College has also recently awarded a $2.2 million grant over 5 years to develop an effective outreach and reengagement for adult students who have "stopped out" from pursuing their College credentials. Annually, the College hosts ENGAGE a two-day event for local and regional students, teachers, and families with hands-on demonstrations of College programs. The College's U.S. Department of Education TRiO grants, Perkins grant, and Ohio Department of Higher Education Career Tech grants continue to provide educational pathways for technical students, as well as to serve at risk high school students and the region's underserved populations.

The College, upon approval from the Ohio Department of Education and the Higher Learning Commission, has launched this semester (Fall 2023) its third applied bachelor degree: Bachelor Degree of Nursing. The College launched in Fall 2020 applied bachelor degrees in Land Surveying and Culinary Food Science. A number of other new associate degree and certificate programs have been approved which will allow the College to meet the evolving needs of the Cincinnati region. Due to low enrollment, the College retrenched in Fall 2023 its Exercise Science Associate Degree program.

In Fall 2023 the College moved its location from downtown Middletown to the Miami University -Middletown Regional Campus. The co-location of Cincinnati State and Miami Regional will result in operating efficiencies, as well as make it easier for students to navigate associate-to-bachelor degree pathways,

The College remains in good standing and full compliance with its regional accrediting body, the Higher Learning Commission. The College looks forward to its next HLC Comprehensive Quality Review that will occur April 29 and 30, 2024.

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

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

Workforce Development

The College's Workforce Development Center (WDC), which operates from the College's Evendale, Ohio facility, holds an established position as a primary agent in the delivery of workforce training. The economic outlook has stabilized since the pandemic and workforce training services are returning to prior demand cycles. Demand for short-term and micro-credentials for upskilling the workforce as well as customized workforce solutions for larger employers have returned in the recent year. At the same time, there remains a significant gap between the skills required for in-demand positions and those skills possessed by the younger members of the regional workforce. Added to this fact is the increasing impact of disruptive technology on the marketplace, creating positions that simply did not exist even five years ago. While the short-term outlook is unclear, the demand for short-term technical training is projected to grow steadily over the next five years, and the WDC is uniquely poised to meet this growing demand.

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

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

This emphasis on industry-driven services is exemplified by the Apprenticeship Training Programs that the WDC has developed and delivered in the past three years. WDC apprenticeship programs for companies including Ford Motor Company and an innovative medical assisting apprenticeship program in partnership with the Health Collaborative of Cincinnati and several health systems such as Mercy Health System and Cincinnati Children's Hospital. These programs signal a resurgence of companies' demand for advanced and effective workforce education and training. The execution of these innovative programs is central to the WDC's sustained growth and success.

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

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

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

Marketing, Enrollment and Retention

For fiscal year 2023, total credit hours and headcount increased compared with prior year when including undergraduate, dual enrollment, workforce development. Marketing efforts continue with an understanding that our external environment has changed. Shifts in plans for outdoor advertising to streaming ads were made to adjust for changes in behavior. Monthly digital reports reviewing month-over-month and year-over-year performance were used to inform marketing adjustments and future decisions. In addition, a new website has been deployed during fiscal year 2023. This new website is prospective student focused and at the same time a resource for current students, guests, alumni, co-op partners and philanthropic givers.

Administration of the College

During fiscal year 2023, the President's Executive Team remained stable consisting of the Provost, Vice President of Administration, Vice President of Finance (CFO), Vice President of Workforce Development, Senior Director of Student Success & Development Services and Chief Institutional Advancement Officer.

The College Administration and bargaining units have worked to improve and maintain a high level of communication and positive relations primarily through the inclusion of bargaining unit members on committees and regular labor/management meetings.

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

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

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

The Administration focused on enhancing labor relations with all unions and initiated the following during fiscal year 2018 which have continued through fiscal year 2023:

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

Facilities

The physical plant portfolio includes several assets that are over 50 years in age. The Board of Trustees restored a line item for deferred maintenance in fiscal year 2019 and increased that line item in fiscal years 2021 - 2023.

Information Technology Services

Top priorities for the Information Technology Services (ITS) Division focused on implementing new services within the umbrella project IT Modernization, using capital appropriations, to modernize the ERP system and IT infrastructure to enhance enrollment, support administration, and improve cyber security. This project includes implementing new modules from Ellucian (Self-Service), moving our ERP (Ellucian Colleague) to the cloud, a new storage solution, new infrastructure for our virtual environments, new switches, new firewalls, new backup solution, new anti-virus solution, additional security cameras, new ITSM (Service Desk Plus; IT ticketing and change management), and began the implementation of Teams Phone. We've also added multi-factor authentication to many of our authentication services for increased security.

We'll continue to add additional security cameras throughout 2023 and we'll begin to replace the wifi in the Main building on the Clifton Campus.

The ITS Division continues to focus on the Information Security Program that includes an Information Security Council, Information Security Awareness Program, information security policies, and standards and change management processes and procedures.

State Capital Funding

The State of Ohio appropriates funding for capital projects every two years. The College was appropriated $6,675,000 for fiscal years 2017-2018, $6,637,000 for fiscal years 2019-2020, $6,328,363 for fiscal year 2021-2022, and $6,153,361 for fiscal years 2023-2024 by the State of Ohio. Capital funding from the 2023-2024 biennium appropriations include Main Building Renovations, IT System Upgrades, and Training and Education Infrastructure Upgrades. In addition to the State Capital Funding described above, the College has identified significant opportunities for capital investment that are beyond the amount appropriated by the State of Ohio through fiscal year 2022.

Litigation

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

Fundraising

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

The Foundation and College's Institutional Advancement office is focused on building the College's Annual Fund operations, growing its endowment, cultivating major gift opportunities, and potentially launching a larger fundraising campaign. Student scholarships, and funding for capital projects are a key component of the College's Fundraising strategy. Data has shown the significant impact student scholarships have on retention and graduation.

Cincinnati State Technical and Community College

Statement of Net Position
June 30, 2023

	Cincinnati State Technical and Community College	Cincinnati State Technical and Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 2,747,407	$ 2,408,272
Cash with fiscal agent	188,826	-
Restricted cash	2,811,569	-
Accounts receivable - Net	5,072,734	-
Pledges receivable - Net	-	677,972
Investments	30,821,402	12,583,121
Assets held in remainder unitrust	-	253,384
Inventory	104,837	-
Prepaid and other assets	653,762	17,900
Total current assets	42,400,537	15,940,649
Noncurrent Assets		
Capital assets, not being depreciated	5,149,413	-
Capital assets, net of depreciation	73,338,255	-
Investments	13,300,920	-
Net OPEB asset	3,712,207	-
Total noncurrent assets	95,500,795	-
Total assets	137,901,332	15,940,649
Deferred Outflows of Resources		
Deferred gain on advance refunding of bonds	295,317	-
Pension activity	10,349,309	-
OPEB activity	1,030,693	-
Total deferred outflows of resources	11,675,319	-
Liabilities		
Current Liabilities		
Accounts payable	2,130,080	487,999
Accrued liabilities and other	5,446,980	-
Charitable remainder unitrust obligation	-	47,049
Unearned revenue	4,692,297	-
Compensated absences	1,801,842	-
Current portion of long-term debt	3,110,963	-
Total current liabilities	17,182,162	535,048
Noncurrent Liabilities		
Long-term debt	15,980,039	-
Net pension liability	47,909,152	-
Net OPEB liability	3,943,862	-
Total noncurrent liabilities	67,833,053	-
Total liabilities	85,015,215	535,048
Deferred Inflows of Resources		
Pension activity	7,471,833	-
OPEB activity	10,233,384	-
Total deferred inflows of resources	17,705,217	-
Net Position		
Net investment in capital assets	59,691,983	-
Restricted:		
Restricted expendable	1,333,627	7,808,782
Restricted nonexpendable	-	7,316,507
Unrestricted	(14,169,391)	280,312
Total net position	**$ 46,856,219**	**$ 15,405,601**

See notes to the financial statements.

Cincinnati State Technical and Community College

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

	Cincinnati State Technical and Community College	Cincinnati State Technical and Community College Foundation
Operating Revenues		
Student tuition and fees:		
Student tuition and fees	$ 29,276,083	$ -
Less scholarship allowance	(13,347,158)	-
	15,928,925	-
Federal grants and contributions	2,118,829	-
State grants and contributions	778,380	-
Contributions	-	1,735,894
Private gifts, grants, and donations	2,475,070	-
Departmental and other educational activities	1,994,688	-
Auxiliary enterprises	999,416	-
Other operating revenue	1,857,675	-
Total operating revenues	26,152,983	1,735,894
Operating Expenses		
Instruction	22,843,518	1,481,725
Public service	2,198,844	-
Academic support	5,015,307	-
Student services	4,692,278	-
Scholarships and student aid	1,796,484	-
Auxiliary enterprises	881,653	-
Institutional support	12,984,853	-
Operation and maintenance	7,495,112	-
Depreciation	3,984,127	-
Other	-	1,401,897
Total operating expenses	61,892,176	2,883,622
Operating Loss	(35,739,193)	(1,147,728)
Nonoperating Revenues (Expenses)		
Federal Pell grants	12,714,393	-
Federal grants and contributions	495,601	-
State appropriations	28,346,311	-
Investment income	1,024,144	1,305,534
Interest on capital asset related debt	(707,415)	-
Loss on disposal of capital assets	(18,338)	-
Net nonoperating revenues (expenses)	41,854,696	1,305,534
Income - Before state capital appropriations and capital grants	6,115,503	157,806
Capital Appropriations from State	5,099,787	-
Capital Grants and Gifts	230,000	-
Change in Net Position	11,445,290	157,806
Net Position - Beginning of year	35,410,929	15,247,795
Net Position - End of year	**$ 46,856,219**	**$ 15,405,601**

See notes to the financial statements.

Cincinnati State Technical and Community College

Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows from Operating Activities	
Tuition and fees	$ 13,734,086
Federal, state, and local grants and contracts	3,539,611
Payments to suppliers	(11,846,695)
Payments to employees	(31,861,148)
Payments for utilities	(1,286,079)
Payments for benefits	(12,098,239)
Payments for scholarships and student financial aid	(1,796,484)
Auxiliary enterprises revenue	999,416
Auxiliary enterprises expenses	(881,653)
Sales and services of educational activities	1,994,688
Other receipts	4,256,006
Net cash used in operating activities	(35,246,491)
Cash Flows from Noncapital Financing Activities	
State appropriations	28,346,311
Pell receipts and disbursements	12,726,370
Federal grants and contributions	3,886,050
Federal direct student loan program receipts	17,558,460
Federal direct student loan program disbursements	(17,558,460)
Net cash provided by noncapital financing activities	44,958,731
Cash Flows from Capital and Related Financing Activities	
Capital appropriations from the State	5,099,787
Principal payments on bonds	(2,900,000)
Interest payments on bonds and financed purchases	(723,357)
Proceeds from sale of capital assets	1,500
Purchase of capital assets	(6,839,726)
Net cash used in capital and related financing activities	(5,361,796)
Cash Flows from Investing Activities	
Investment income	1,123,681
Purchases of investment securities	(24,275,407)
Proceeds from sale and maturities of investment securities	18,130,933
Net cash used in investing activities	(5,020,793)
Net Decrease in Cash and Cash Equivalents	(670,349)
Cash and Cash Equivalents - Beginning of year	6,418,151
Cash and Cash Equivalents - End of year	**$ 5,747,802**
Classification of Cash and Cash Equivalents	
Cash and investments	$ 2,747,407
Cash with fiscal agent	188,826
Restricted cash	2,811,569
Total cash and cash equivalents	**$ 5,747,802**

(continued)

See notes to the financial statements.

Statement of Cash Flows (Continued)
Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash from Operating Activities

Operating loss	$ (35,739,193)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	3,984,127
Provisions for doubtful accounts	1,035,268
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources which (used) provided cash:	
Accounts receivable	(1,226,111)
Inventory	(52,126)
Prepaid and other assets	137,271
Net OPEB asset	(640,595)
Deferred outflows of resources - Pension	(256,820)
Deferred outflows of resources - OPEB	230,769
Accounts payable and accrued expenses	2,651,099
Unearned revenue	(403,065)
Deferred inflows of resources - Pension	(21,539,456)
Deferred inflows of resources - OPEB	(362,845)
Net pension liability	18,283,004
Net OPEB liability	(1,347,818)
Net cash and cash equivalents used in operating activities	**$ (35,246,491)**

During the year ended June 30, 2023, the College received a donation of equipment valued at $230,000. These assets are included in capital assets, net of depreciation on the statement of net position. The receipt of these assets did not result in a cash outflow to the College.

Note 1 – Nature of Business

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

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

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

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

Note 2 – Significant Accounting Policies

Basis of Presentation

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

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

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

Note 2 – Significant Accounting Policies (continued)

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

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

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

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

Cash and Cash Equivalents

In accordance with the State of Ohio and college policy, the College is authorized to invest cash in United States government securities, federal agencies' securities, State of Ohio securities, and certificates of deposit, all of which are stated fair value. The College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The restricted cash balance represents debt service amounts to be paid by the College each year (see Note 7). At June 30, 2023, the College had restricted cash of $2,811,569.

Accounts Receivable

Accounts receivable are stated at net invoice amounts and consist of amounts due for tuition and fees, grants, collaboration agreement, leases, and state appropriations. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was $4,446,776 as of June 30, 2023.

Investments

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

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

Note 2 – Significant Accounting Policies (continued)

Prepaid Assets

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

Capital Assets

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

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

Deferred Outflows of Resources

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

Deferred outflows also consist of deferred charges arising from the advance refunding of the 2002 bond issue as the difference between the reacquisition price and the net carrying amount of the old debt. The College recorded deferred outflows of $295,317 at June 30, 2023 related to this transaction. See Note 7 for more information.

Unearned Revenue

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

Note 2 – Significant Accounting Policies (continued)

Compensated Absences

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

Pensions/Other Postemployment Benefits (OPEB)

For the purpose of measuring the net OPEB asset, net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the retirement systems and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. The retirement systems use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

Deferred Inflows of Resources

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

Income Taxes

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

Self-insurance

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

Note 2 – Significant Accounting Policies (continued)

Grant and Scholarships

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

Operating and Nonoperating Revenue and Expenses

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

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

Release of Restricted Funds

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

Use of Estimates

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

Adoption of New Accounting Pronouncements

For the fiscal year ended June 30, 2023, the College 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*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement had no effect on beginning net position.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. This statement had no effect on beginning net position.

Note 2 – Significant Accounting Policies (continued)

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

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements

The College is currently evaluating the impact that the following GASB Statements, effective for fiscal year 2024, may have on its financial statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB 62*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Note 3 – Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

At June 30, 2023, the carrying amount of the College's deposits (which consist of cash and restricted cash, excluding cash on hand of $2,100, deposits held by trustee, and investments) was $5,556,876 and the bank balance was $6,032,091. The difference between the carrying amount and the depository bank balance is due principally to outstanding checks and deposits-in-transit. Of the bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation.

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

Cash with Fiscal Agent

The College is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2023 was $188,826. This amount is not included in the "cash and cash equivalents" reported above or "investments" reported below.

Investments

The College also has investment management agreements with U.S. Bank, as permitted by state statute. The agreements allow (within state limits) investment in both debt and equity instruments. Investments at June 30, 2023 were as follows:

U.S. Treasury/Agency Securities	$ 21,117,414
Money market funds	91,599
STAR Ohio funds	22,913,309
	$ 44,122,322

Interest Rate Risk

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

As of June 30, 2023, the College's investment maturities were as follows:

	Measurement Value	Less than 1 year	1-5 Years	Percent of Total Portfolio	Credit Rating
U.S. Treasury/Agency Securities	$ 21,117,414	$ 7,816,494	$ 13,300,920	47.9%	Aaa
Money market funds	91,599	91,599	-	0.2%	Aaa-mf
STAR Ohio funds	22,913,309	22,913,309	-	51.9%	AAAm
	$ 44,122,322	$ 30,821,402	$ 13,300,920		

Credit Risk

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

Concentration of Credit Risk

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

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

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of June 30, 2023, the College had no exposure to foreign currency risk.

Note 4 – Fair Value Measurements

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

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

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

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Debt securities:				
U.S. Treasury/Agency Securities	$ -	$ 21,117,414	$ -	$ 21,117,414
Total assets	$ -	$ 21,117,414	$ -	$ 21,117,414

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

Investments on the statement of net position at June 30, 2023 include money market investments of $91,599 and investments in STAR Ohio of $22,913,309. The money market investments and investments in STAR Ohio are measured at amortized costs or NAV; therefore, they are not included in the tables above.

Note 4 – Fair Value Measurements (continued)

The investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio; therefore, they are not included in the tables above. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Note 5 – Accounts Receivable

Accounts receivable, net of allowance for doubtful accounts, as of June 30, 2023 were as follows:

Tuition and fees	$ 8,515,970
Grant and other	1,003,540
Less allowance for doubtful accounts	(4,446,776)
Total accounts receivable	$ 5,072,734

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Transfers and Disposals	Balance at June 30, 2023
Nondepreciable assets:				
Land	$ 2,272,609	$ -	$ -	$ 2,272,609
Construction in progress	1,169,427	2,222,953	(515,576)	2,876,804
Total nondepreciable assets	3,442,036	2,222,953	(515,576)	5,149,413
Depreciable assets:				
Building and improvements	141,626,913	3,208,259	-	144,835,172
Equipment and furniture	10,776,945	2,100,905	(100,090)	12,777,760
Land improvements	2,675,389	-	-	2,675,389
Library books and audio visual	1,299,549	53,185	(4,349)	1,348,385
Total depreciable assets	156,378,796	5,362,349	(104,439)	161,636,706
Accumulated depreciation:				
Building and improvements	73,092,759	3,094,335	-	76,187,094
Equipment and furniture	7,979,620	743,644	(80,252)	8,643,012
Land improvements	2,352,102	71,631	-	2,423,733
Library books and audio visual	974,444	74,517	(4,349)	1,044,612
Total accumulated depreciation	84,398,925	3,984,127	(84,601)	88,298,451
Net capital assets, depreciable	71,979,871	1,378,222	(19,838)	73,338,255
Net capital assets	$ 75,421,907	$ 3,601,175	$ (535,414)	$ 78,487,668

Note 7 – Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

	Balance July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Bonds payable:					
General receipts bonds	$ 21,725,000	$ -	$ (2,900,000)	$ 18,825,000	$ 3,025,000
Bond premium	367,509	-	(101,507)	266,002	85,963
Total bonds payable	$ 22,092,509	$ -	$ (3,001,507)	$ 19,091,002	$ 3,110,963

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

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

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

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

Years Ending	Principal	Interest	Total
2024	$ 3,025,000	$ 588,975	$ 3,613,975
2025	3,135,000	468,269	3,603,269
2026	3,245,000	354,513	3,599,513
2027	3,370,000	235,288	3,605,288
2028	3,460,000	132,838	3,592,838
2029	2,590,000	40,469	2,630,469
Total	$ 18,825,000	$ 1,820,352	$ 20,645,352

Note 8 – Employee Benefit Plans

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

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

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers were required to remit employer contributions to STRS Ohio at a rate of 2.91 percent for the year ended June 30, 2023. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting. The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the year ended June 30, 2023 were $234,623.

Note 9 – Compensated Absences

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

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

At June 30, 2023, the liability for personal and/or sick leave was approximately $474,000.

Contract employees earn 20 days of vacation leave each year. Noncontract employees earn 10 days of vacation leave after one full year of service, 15 days after five years, and 20 days after 10 years. Upon retirement or termination, an employee is entitled to payment for all accrued vacation days up to a maximum of three times the annual vacation leave earned. The College has accrued a vacation liability for all employees equal to amounts earned but not taken up to the maximum. At June 30, 2023, the liability for vacation was approximately $1,328,000.

Note 10 – Grants and Contracts

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

Note 11 – Auxiliary Enterprises

Revenue and expenses of the College's auxiliary enterprises for the year ended June 30, 2023 consist of the following:

	Parking	Food Services	Airport	MCI	Total
Revenue	$ 440,114	$ 49,290	$ 367,829	$ 142,183	$ 999,416
Expenses	(58,571)	(94,929)	(404,084)	(324,069)	(881,653)
Excess (deficiency) of revenue over expenses	$ 381,543	$ (45,639)	$ (36,255)	$ (181,886)	$ 117,763

Note 12 – Restricted Net Position

The balance in restricted net position that is expendable for use of the debt service facility fee for the year ended June 30, 2023 is $1,333,627.

Note 13 – Risk Management

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

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance program. Beginning July 1, 2020, the College changed from its previous self-insurance program to being a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to a fiscal agent who in turn pays the claims on the College’s behalf. The claims liability of $726,992 reported in accrued liabilities and other in the statement of net position at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claim costs, including estimates of costs related to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Note 13 – Risk Management (continued)

Changes in the estimated liability for fiscal years ended June 30, 2023 and 2022 were as follows:

	Health Claims	
	2023	2022
Unpaid claims - beginning of year	$ 819,313	$ 306,750
Incurred claims, including claims incurred but not reported	5,555,323	6,194,973
Claim payments	(5,647,644)	(5,682,410)
Total	$ 726,992	$ 819,313

Note 14 – Pending Litigation

The College is named a party to a number of lawsuits in the normal course of business. The College is unable to reasonably estimate the value or assess the probability of any outcomes and, therefore, did not record an accrual at June 30, 2023. It is possible that these lawsuits could have a material adverse effect on the College's financial position or results of operations.

Note 15 – Component Unit

The College is the sole beneficiary of the Cincinnati State Technical and Community College Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting educational activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to $1,985,263 for the year ended June 30, 2023.

Investments

The following is a summary of the Foundation investments at June 30, 2023:

Cash equivalents	$ 572,593
Equity securities	8,086,454
Debt securities	3,333,946
Real estate investments	51,742
Alternative investments	538,386
Total	$ 12,583,121

Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Note 15 – Component Unit (continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

The following table presents information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and the valuation techniques used by the Foundation to determine those fair values.

The Foundation has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Equities - common stocks	$ 1,274,485	-	-	1,274,485
Equities - mutual funds	6,811,969	-	-	6,811,969
Fixed income - mutual funds	3,333,946	-	-	3,333,946
Real estate mutual funds	51,742	-	-	51,742
Alternative mutual funds	538,386	-	-	538,386
Total assets	$ 12,010,528	-	-	12,010,528

Net Assets with Donor Restrictions

Net assets with donor restrictions of the Foundation as of June 30, 2023 are available for the following purposes:

Pledges receivable	$ 677,972
Special purpose funds	4,421,457
Endowment funds - temporary portion	2,709,353
Endowment funds - perpetual portion	7,316,507
Total	$ 15,125,289

Note 16 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

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.

Note 16 – Defined Benefit Pension Plans (continued)

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund).

The College's contractually required contribution to SERS was $1,639,641 for fiscal year 2023. Of this amount, $71,176 is reported in accrued liabilities 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

Note 16 – Defined Benefit Pension Plans (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. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. 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 liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 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.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Note 16 – Defined Benefit Pension Plans (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $2,570,909 for fiscal year 2023. Of this amount, $123,878 is reported in accrued liabilities for fiscal year 2023.

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

The net pension liability 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. The following is information related to the College's proportionate share, pension expense, and deferred inflows and outflows reported for fiscal year 2023:

	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 16,038,850	$ 31,870,302	$ 47,909,152
Proportion of Net Pension Liability	0.296533698%	0.143365369%	
Change in Proportion	-0.001572170%	-0.002317815%	
Pension Expense (Negative)	$ (501,026)	$ 1,198,304	$ 697,278
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 649,586	$ 407,980	$ 1,057,566
Net difference between projected and actual earnings on pension plan investments	-	1,109,017	1,109,017
Change in assumptions	158,258	3,813,918	3,972,176
College contributions subsequent to the measurement date	1,639,641	2,570,909	4,210,550
	$ 2,447,485	$ 7,901,824	$ 10,349,309
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (105,291)	$ (121,914)	$ (227,205)
Net difference between projected and actual earnings on pension plan investments	(559,682)	-	(559,682)
Change in assumptions	-	(2,870,784)	(2,870,784)
Difference in employer contributions and proportionate share of contributions	(727,671)	(3,086,491)	(3,814,162)
	$ (1,392,644)	$ (6,079,189)	$ (7,471,833)

Note 16 – Defined Benefit Pension Plans (continued)

$4,210,550 reported as deferred outflows of resources related to pension at June 30, 2023 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (632,556)	$ (1,596,574)	$ (2,229,130)
2025	(82,827)	(1,108,902)	(1,191,729)
2026	(799,518)	(1,274,964)	(2,074,482)
2027	930,101	3,232,166	4,162,267
	$ (584,800)	$ (748,274)	$ (1,333,074)

Actuarial Assumptions – SERS

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

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

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

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

Inflation:	2.40%
Future Salary Increases, including Inflation:	3.25% to 13.58%
COLA or Ad Hoc COLA:	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement
Investment Rate of Return:	7.00% net of investment expense, including inflation
Actuarial Cost Method:	Entry Age Normal

Note 16 – Defined Benefit Pension Plans (continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment* Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class for the most recent valuation period are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
U.S. Equity	24.75	5.37
Non-U.S. Equity Developed	13.50	6.22
Non-U.S. 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 Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate – Total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00%). 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 16 – Defined Benefit Pension Plans (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%, 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%), or one percentage point higher (8.00%) than the current rate used.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 23,608,420	$ 16,038,850	$ 9,661,588

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return:	7.00%, net of investment expenses, including inflation
Discount rate of return:	7.00%
Cost-of-living adjustments (COLA)	0%

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

For healthy retirees, the 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. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Note 16 – Defined Benefit Pension Plans (continued)

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

Asset Class	Target Allocation*	Long Term Expected Real 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' 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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 48,144,424	$ 31,870,302	$ 18,107,433

Note 17 – Postemployment Benefits Other than Pensions (OPEB)

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description – SERS' Health Care program provides health care 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 mot 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.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated 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, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the College's surcharge obligation was $71,343.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

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

The following is information related to the College's proportionate share, OPEB expense, and deferred inflows and outflows reported for fiscal year 2023:

	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ 3,943,862	$ (3,712,207)	$ 231,655
Proportion of Net OPEB Liability (Asset)	0.280899747%	0.143365369%	
Change in Proportion	0.001298612%	-0.002317815%	
OPEB Expense (Negative)	$ (1,182,174)	$ (866,972)	$ (2,049,146)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 33,154	$ 53,814	$ 86,968
Net difference between projected and actual earnings on OPEB plan investments	20,497	64,620	85,117
Change in assumptions	627,322	158,126	785,448
Difference between employee contributions and proportionate share of contributions	-	1,817	1,817
College contributions subsequent to the measurement date	71,343	-	71,343
	$ 752,316	$ 278,377	$ 1,030,693
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (2,522,784)	$ (557,501)	$ (3,080,285)
Change in assumptions	(1,618,982)	(2,632,311)	(4,251,293)
Difference between employee contributions and proportionate share of contributions	(2,549,802)	(352,004)	(2,901,806)
	$ (6,691,568)	$ (3,541,816)	$ (10,233,384)

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

$71,343 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 in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (1,705,963)	$ (1,049,437)	$ (2,755,400)
2025	(1,497,537)	(969,922)	(2,467,459)
2026	(1,134,678)	(418,629)	(1,553,307)
2027	(733,013)	(169,373)	(902,386)
2028	(440,254)	(217,201)	(657,455)
2029-2031	(499,150)	(438,877)	(938,027)
	$ (6,010,595)	$ (3,263,439)	$ (9,274,034)

Actuarial Assumptions – SERS

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

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

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

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

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

Investment Rate of Return	7.00% net of investment expense, including inflation
Wage Inflation	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%
Municipal Bond Index Rate:	
Current measurement period	3.69%
Prior measurement period	1.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Current measurement period	4.08%
Prior measurement period	2.27%
Medical Trend Assumption:	7.00% - 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
U.S. Equity	24.75	5.37
Non-U.S. Equity Developed	13.50	6.22
Non-U.S. 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 Strategies	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%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for fiscal year 2023, calculated using the discount rate of 4.08%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate used:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
College's proportionate share of the net OPEB liability	$ 4,898,336	$ 3,943,862	$ 3,173,342

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

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates used:

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
College's proportionate share of the net OPEB liability	$ 3,041,425	$ 3,943,862	$ 5,122,590

Actuarial Assumptions – STRS

The total OPEB asset in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.00%	
Investment rate of return	7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-68.78%	3.94%
Prescription Drug		
Pre-Medicare	9.00%	3.94%
Medicare	-5.47%	3.94%

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. Additionally, healthcare trends were updated to reflect emerging claims and recoveries experience.

For healthy retirees, the 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. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

Asset Class	Target Allocation*	Long Term Expected Real 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' 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 asset was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% 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 to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the College's proportionate share of the net OPEB asset for fiscal year 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	$ 3,431,837	$ 3,712,207	$ 3,952,367

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

Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease In Trend Rates	Current Trend Rate	1% Increase In Trend Rates
College's proportionate share of the net OPEB asset	$ 3,850,461	$ 3,712,207	$ 3,537,694

Note 18 – Contingencies

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

Required Supplementary Information

Cincinnati State Technical and Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.552480%	$ 32,863,825	$ 13,568,331	242.21%	65.52%
2015	0.552480%	27,960,496	16,190,556	172.70%	71.70%
2016	0.531580%	30,332,704	17,016,821	178.25%	69.16%
2017	0.494530%	36,195,370	16,946,914	213.58%	62.98%
2018	0.525801%	31,415,472	15,613,571	201.21%	69.50%
2019	0.408164%	23,376,300	13,824,319	169.10%	71.36%
2020	0.356091%	21,305,522	12,451,681	171.11%	70.85%
2021	0.345629%	22,860,643	11,662,064	196.03%	68.55%
2022	0.298106%	10,999,242	10,289,850	106.89%	82.86%
2023	0.296534%	16,038,850	11,077,214	144.79%	75.82%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 2,244,011	$ (2,244,011)	$ -	$ 16,190,556	13.86%
2015	2,242,817	(2,242,817)	-	17,016,821	13.18%
2016	2,372,568	(2,372,568)	-	16,946,914	14.00%
2017	2,185,900	(2,185,900)	-	15,613,571	14.00%
2018	1,866,283	(1,866,283)	-	13,824,319	13.50%
2019	1,680,977	(1,680,977)	-	12,451,681	13.50%
2020	1,632,689	(1,632,689)	-	11,662,064	14.00%
2021	1,440,579	(1,440,579)	-	10,289,850	14.00%
2022	1,550,810	(1,550,810)	-	11,077,214	14.00%
2023	1,639,641	(1,639,641)	-	11,711,721	14.00%

Cincinnati State Technical and Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.255070%	$ 73,704,017	$ 27,967,369	263.54%	69.30%
2015	0.255070%	62,041,175	27,964,615	221.86%	74.71%
2016	0.236330%	65,314,417	24,256,614	269.26%	72.09%
2017	0.210860%	70,579,678	23,318,900	302.67%	66.78%
2018	0.202144%	48,019,797	22,633,264	212.16%	75.29%
2019	0.183692%	40,389,819	21,400,579	188.73%	77.31%
2020	0.166237%	36,762,313	19,153,329	191.94%	77.40%
2021	0.151834%	36,738,460	17,998,407	204.12%	75.48%
2022	0.145683%	18,626,906	17,661,829	105.46%	87.78%
2023	0.143365%	31,870,302	18,329,200	173.88%	78.88%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 3,635,400	$ (3,635,400)	$ -	$ 27,964,615	13.00%
2015	3,395,926	(3,395,926)	-	24,256,614	14.00%
2016	3,264,646	(3,264,646)	-	23,318,900	14.00%
2017	3,168,657	(3,168,657)	-	22,633,264	14.00%
2018	2,996,081	(2,996,081)	-	21,400,579	14.00%
2019	2,681,466	(2,681,466)	-	19,153,329	14.00%
2020	2,519,777	(2,519,777)	-	17,998,407	14.00%
2021	2,472,656	(2,472,656)	-	17,661,829	14.00%
2022	2,566,088	(2,566,088)	-	18,329,200	14.00%
2023	2,570,909	(2,570,909)	-	18,363,636	14.00%

Cincinnati State Technical and Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net OPEB Liability
and College OPEB Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability	College's Proportionate Share of the Net OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.494535%	$ 13,878,502	$ 16,946,914	81.89%	11.49%
2018	0.486902%	13,067,165	15,613,571	83.69%	12.46%
2019	0.394307%	10,939,128	13,824,319	79.13%	13.57%
2020	0.342445%	8,611,784	12,451,681	69.16%	15.57%
2021	0.328440%	7,138,068	11,662,064	61.21%	18.17%
2022	0.279601%	5,291,680	10,289,850	51.43%	24.08%
2023	0.280900%	3,943,862	11,077,214	35.60%	30.34%

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 87,873	$ (87,873)	$ -	$ 16,946,914	0.52%
2017	80,959	(80,959)	-	15,613,571	0.52%
2018	785,193	(785,193)	-	13,824,319	5.68%
2019	165,935	(165,935)	-	12,451,681	1.33%
2020	68,067	(68,067)	-	11,662,064	0.58%
2021	51,329	(51,329)	-	10,289,850	0.50%
2022	69,342	(69,342)	-	11,077,214	0.63%
2023	71,343	(71,343)	-	11,711,721	0.61%

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

(4) Includes Surcharge.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net OPEB Liability (Asset)
and College OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.210716%	$ 11,269,138	$ 23,318,900	48.33%	37.33%
2018	0.202144%	7,886,922	22,633,264	34.85%	47.11%
2019	0.183692%	(2,951,749)	21,400,579	(13.79%)	176.00%
2020	0.166237%	(2,753,283)	19,153,329	(14.37%)	174.74%
2021	0.151834%	(2,668,482)	17,998,407	(14.83%)	182.13%
2022	0.145683%	(3,071,612)	17,661,829	(17.39%)	174.73%
2023	0.143365%	(3,712,207)	18,329,200	(20.25%)	230.73%

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 23,318,900	0.00%
2017	-	-	-	22,633,264	0.00%
2018	-	-	-	21,400,579	0.00%
2019	-	-	-	19,153,329	0.00%
2020	-	-	-	17,998,407	0.00%
2021	-	-	-	17,661,829	0.00%
2022	-	-	-	18,329,200	0.00%
2023	-	-	-	18,363,636	0.00%

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

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

For measurement year 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement year 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Assumptions

For measurement year 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement year 2021, 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.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement year 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement year 2021, 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.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

For measurement year 2017, the COLA was reduced to zero.

Changes of Assumptions

For measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Notes to OPEB Information

Changes of Benefit Terms

For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

For measurement year 2019, there was no change to the claims cost process. Claims 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.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. 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.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. 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 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2022, 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.

Changes of Assumptions

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

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

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

Supplemental Information

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

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

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 13, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 13, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	$ 407,186
Federal Work-Study Program	84.033	(1)	142,097
Federal Pell Grant Program	84.063	(1)	12,714,393
Federal Direct Student Loans	84.268	(1)	17,558,460
Total Student Financial Assistance Cluster			30,822,136
TRIO Cluster:			
TRIO - Student Support Services	84.042A	(1)	273,975
TRIO - Upward Bound	84.047A	(1)	219,992
Total TRIO Cluster			493,967
Education Stabilization Fund:			
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	(1)	487,914
Passed through the Ohio Department of Higher Education:			
COVID-19 - Governor’s Emergency Education Relief Fund	84.425C	N/A	74,851
Passed through the Ohio Department of Education:			
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	44,098
Total Education Stabilization Fund			606,863
Passed through the Ohio Department of Education:			
Career and Technical Education - Basic Grants to States	84.048A	V048A190035	277,771
Fund for the Improvement of Postsecondary Education	84.116Z	(1)	80,167
Passed through the Ohio Department of Higher Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	1,100
Child Care Access Means Parents in School	84.335	(1)	297,030
Total U.S. Department of Education			32,579,034
Research and Development Cluster:			
U.S. Department of Defense			
Passed through the Lorain County Community College:			
Basic and Applied Scientific Research - Manufacturing and Engineering Education Program	12.300	N00014-20-1-2703	261,241
Total U.S. Department of Defense			261,241
National Science Foundation			
Passed through The Ohio State University:			
STEM Education - Louis Stokes Alliance for Minority Participation	47.076	60042097-CSTCC	15,797
Total National Science Foundation			15,797
Total Research and Development Cluster			$ 277,038

(continued)

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

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
U.S. Department of Labor			
Passed through the University of Cincinnati:			
H-1B Job Training Grants - NEXT Apprenticeship Grant	17.268	HG-33044-19-60-A-39	$ 19,940
Total U.S. Department of Labor			19,940
U.S. Department of Transportation			
Airport Improvement Program	20.106	(1)	45,099
Aviation Maintenance Technical Workforce Grant Program	20.112	(1)	4,573
Total U.S. Department of Transportation			49,672
U.S. Department of the Treasury			
Passed through the Ohio Department of Higher Education:			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	34,782
Passed through Hamilton County:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	6,500
Total U.S. Department of the Treasury			41,282
National Aeronautical and Space Administration			
Passed through the Ohio Aerospace Institute:			
Office of Stem Engagement - Ohio Space Grant	43.008	NNX14AR49A	3,460
Total National Aeronautical and Space Administration			3,460
U.S. Department of Health and Human Services			
Chafee Education and Training Vouchers Program (ETV)	93.599	(1)	18,804
Total U.S. Department of Health and Human Services			18,804
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 32,989,230

(1) - Direct Award

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

Notes to Schedule of Expenditures of Federal Awards
Year End June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Cincinnati State Technical and Community College (the "College") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 – Summary of Significant Accounting Policies

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

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

Note 3 – Federal Work-Study and Federal SEOG Waiver

For the year ended June 30, 2023, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

Note 4 – Loan Programs

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

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

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

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

OHIO AUDITOR OF STATE
KEITH FABER

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/5/2023

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