CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CENTRAL OHIO TECHNICAL COLLEGE
Newark, Ohio

SINGLE AUDIT
For the Years Ended June 30, 2023 and 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Central Ohio Technical College
1179 University Drive
Newark, Ohio 43055

We have reviewed the *Independent Auditors' Report* of the Central Ohio Technical College, Licking 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 Central Ohio Technical College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 03, 2024

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CENTRAL OHIO TECHNICAL COLLEGE
Newark, Ohio

FINANCIAL STATEMENTS
June 30, 2023 and 2022

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Technical College
Newark, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Ohio Technical College (the College), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2023 and 2022, and the changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3, the College adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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
December 8, 2023

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Central Ohio Technical College (COTC) for the year ended June 30, 2023, with comparative information for fiscal year 2022. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About Central Ohio Technical College

Central Ohio Technical College offers an aggressive approach to technical education providing state-of-the-art training in the areas of allied health and public service, nursing, business and engineering. Chartered in 1971 to meet the region's growing need for technical training and education, COTC is the primary link between the region's businesses and the training and retraining of the workforce, a partnership that directly impacts the economic growth of the area.

Central Ohio Technical College is governed by a board of nine trustees who are responsible for the oversight of academic programs, budgets and general administration. The Governor of Ohio appoints three members and the School Board Caucus appoints six members.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35).

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

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

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

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

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

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

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

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

The **Statement of Net Position** reflects the total assets, deferred outflows, liabilities, deferred inflows, and net position of COTC as of June 30, 2023, with comparative information as of June 30, 2022. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – Nonexpendable (endowments funds)
- Restricted – Expendable (quasi-endowment funds)
- Unrestricted

The **Statement of Revenues, Expenses and Changes in Net Position** details how net position has changed during fiscal year 2023, with comparative information for fiscal year 2022. Government accounting standards require state appropriations to be classified as non-operating revenues; so, generally, state-supported Colleges and universities will reflect an operating loss until non-operating items are included.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2023. It breaks out the sources and uses of COTC cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

The **Notes to the Financial Statements** provide additional details on the numbers in the financial statements. In addition to the Summary of Significant Accounting Policies, the report includes notes on capital assets, long-term debt, and operating expenses by natural classification.

Financial Highlights

Statement of Net Position

The College's financial statements for the fiscal year report net position of $50,737,649 at June 30, 2023. This represents an decrease from the previous fiscal years net position of $53,159,875. The condensed version of the Statement of Net Position followed by a discussion of the changes is below:

	June 30, 2023	Revised June 30, 2022	June 30, 2021
ASSETS			
Current Assets	$ 23,929,333	$ 29,389,644	$ 28,363,893
Capital Assets, Net	44,129,748	40,798,990	39,673,377
Other Non-current	5,406,969	5,731,262	5,929,418
Total Assets	$ 73,466,050	$ 75,719,896	$ 73,966,688
DEFERRED OUTFLOWS			
Defined Benefit Pension Plan	$ 6,055,474	$ 4,010,465	$ 2,959,784
Other Post Employment Benefits	610,151	121,410	397,047
Total Deferred Outflows	$ 6,665,625	$ 4,131,875	$ 3,356,831
LIABILITIES			
Current Liabilities	$ 3,912,466	$ 3,770,440	$ 5,155,859
Non Current Liabilities	447,733	428,090	412,935
Subscription Liability	1,318,807	284,932	
Net OPEB Liability	169,319	-	-
Net Pension Liability	20,012,454	9,490,986	18,613,359
Total Liabilities	$ 25,860,779	$ 13,974,448	$ 24,182,153
DEFERRED INFLOWS			
Defined Benefit Pension Plan	$ 2,205,049	$ 10,418,849	$ 2,971,698
Other Post Employment Benefits	1,328,198	2,298,599	2,965,647
Total Deferred Inflows	$ 3,533,247	$ 12,717,448	$ 5,937,345
NET POSITION			
Net Investment in Capital Assets	$ 42,344,618	$ 40,146,956	$ 39,582,091
Restricted			
Nonexpendable	2,568,178	2,345,516	2,767,323
Expendable	1,466,054	1,332,808	1,622,667
Unrestricted	4,358,799	9,334,595	3,231,940
Total Net Position	$ 50,737,649	$ 53,159,875	$ 47,204,021

Assets: As of June 30, 2023 the Colleges total assets before Deferred Outflows are $73,466,050, a decrease from fiscal year 2022 total assets of $75,719,896. Overall, this decrease is a result of the normal operations of the College throughout the fiscal year. The college's cash decreased this fiscal year with the ending of the various CARES Act funds.

Deferred Outflows: The College's deferred outflows increased by $2,533,750 as of June 30, 2023, with all lines reflecting the results of the retirement plans experience from fiscal year 2022 to 2023.

Liabilities: At June 30, 2023, the College's routine liabilities totaled $5.7 million (excluding the Net OPEB & Pension liability amounts), representing a $1.2 million dollar increase from the previous year of which the majority is in the Subscription Liability category. The college implemented GASB 96, Subscription Based Information Technology Agreement (SBITA) standard in this fiscal year resulting in the increased liabilities. For fiscal year 2023, the Pension Liability increased significantly by $10.5 million. As discussed above, the amounts are a reflection of the OPERS and STRS plans results reported for the fiscal year.

Deferred Inflows: The College's deferred inflows represent both OPERS and STRS pension amounts, as well as the 2023 deferred inflows for OPEB. For 2023 the total deferred inflows is $3.5 million; a net change of approximately $9.2 million from fiscal year 2022.

Net Position: Net Position at June 30, 2023 totaled $50.7 million. The decrease of approximately $2.4 million from 2022 lies in the Unrestricted Net Position line and results from the exhaustion of CARES Act funds.

Statement of Revenues, Expenses and Changes in Net Position
Operating Revenues for fiscal year 2023 had a slight decrease of $198,604, while Non-Operating Revenues saw a decrease $6.5 million. Operating expenses did see in increase in fiscal year 2023 of $421,013. Below are the Statement of Revenues, Expenses and Changes in Net Position followed by a discussion of the major variances:

	June 30, 2023	Restated June 30, 2022	June 30, 2021
OPERATING REVENUES			
Tuition and Fees, Net	$ 6,273,638	$ 6,655,238	$ 7,803,091
Other Operating Revenues	2,064,988	1,881,992	2,069,841
Total Operating Revenues	$ 8,338,626	$ 8,537,230	$ 9,872,932
OPERATING EXPENSES			
Education and General	$ 24,322,022	$ 24,491,197	$ 22,055,520
Depreciation and Amortization Expense	2,265,535	1,680,069	1,518,448
Auxiliary Enterprises	5,490	768	2,920
Total Operating Expenses	26,593,047	26,172,034	23,576,888
Operating Loss	$ (18,254,421)	$ (17,634,804)	$ (13,703,956)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	$ 11,506,001	$ 11,732,660	$ 11,291,641
Federal Grants and Contracts	3,832,377	10,966,397	9,438,232
Other Revenue (Expenses)	212,327	(628,805)	983,129
Net Non-operating Revenues	15,550,705	22,070,252	21,713,002
Capital Appropriation and Gifts and Grants	281,490	1,520,406	7,557,780
Increase (Decrease) in Net Position	(2,422,226)	5,955,854	15,566,826
Net Position-Beginning of Year, As Restated	53,159,875	47,204,021	31,637,195
Net Position-End of Year	$ 50,737,649	$ 53,159,875	$ 47,204,021

Operating revenues Overall, total operating revenues reduced minimally from fiscal year 2022, coming as a result of the calculation for the tuition discounting against tuition & fee revenue. The colleges

Nonoperating Revenues saw an overall decrease of $6.5 million from CARES Act funds as compared to fiscal year 2022.

Operating expenses for the campus increased $421,013. As in previous years, the Pension and OPEB entries for GASB impact the overall ending balance of operating expenses depending on the outcome of each plans final annual results. During fiscal year 2023, the college was able to provide salary increases to faculty and staff and continued to monitor overall budgets to reduce operating costs in alignment with the reduced enrollment.

Statement of Cash Flows
Overall, the college experienced a decrease in cash for the fiscal year in the capital and noncapital financing activity.

	June 30, 2023	June 30, 2022	June 30, 2021
Net cash used by operating activities	$ (18,169,132)	$ (19,929,250)	$ (15,444,704)
Net cash provided by noncapital financing activities	15,338,378	25,388,284	18,040,646
Net cash (used) provided by capital financing activities	(5,026,572)	(853,155)	(976,533)
Net cash (used) provided by capital financing activities	(13,386,340)	262,545	43,155
Net increase/(decrease) in cash	$ (21,243,666)	$ 4,868,424	$ 1,662,564

Summary
Central Ohio Technical College has continued a pattern of fiscal stability in its operations following the reduced enrollment.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 5,413,438	$ 26,549,488
Investments	13,975,402	-
Accounts Receivable		
Students, Net of Allowance of $223,315 and $235,645 in 2023 and 2022, respectively	250,780	219,873
Ohio State University	605,446	362,816
Intergovernmental Grants	1,419,644	1,467,885
Pledges Receivable	8,605	9,330
Other Receivable	454,837	37,570
Other Assets	1,801,181	742,682
Total Current Assets	23,929,333	29,389,644
Noncurrent Assets		
Restricted Cash and Cash Equivalents	75,060	182,676
Restricted Investments	3,956,963	3,485,756
Pledges Receivable	-	2,352
Net OPEB Asset	1,374,946	2,060,478
Capital Assets, Not Being Depreciated	5,181,207	10,482,816
Capital Assets, Net of Depreciation	37,239,084	29,696,307
Right of Use Subscription Assets	1,709,457	419,867
Total Noncurrent Assets	49,536,717	46,330,252
Total Assets	73,466,050	75,719,896
Deferred Outflows of Resources		
OPEB	610,151	121,410
Pension	6,055,474	4,010,465
Total Deferred Outflows of Resources	6,665,625	4,131,875
LIABILITIES		
Current Liabilities		
Accounts Payable	445,313	391,945
Accrued Liabilities	1,011,074	1,656,045
Unearned Revenue	2,010,184	1,599,396
Current Portion of Financed Purchases	23,619	23,619
Current Portion of Subscription Liabilities	422,276	99,435
Total Current Liabilities	3,912,466	3,770,440
Noncurrent Liabilities		
Compensated Absences	427,305	384,042
Financed Purchases	20,428	44,048
Net Pension Liability	20,012,454	9,490,986
Net OPEB Liability	169,319	-
Subscription Liabilities	1,318,807	284,932
Total Noncurrent Liabilities	21,948,313	10,204,008
Total Liabilities	25,860,779	13,974,448
Deferred Inflows of Resources		
OPEB	1,328,198	2,298,599
Pension	2,205,049	10,418,849
Total Deferred Resources of Inflows	3,533,247	12,717,448
NET POSITION		
Net Investment in Capital Assets	42,344,618	40,146,956
Restricted		
Nonexpendable - Scholarships, Fellowships, and Research	2,568,178	2,345,516
Expendable - Scholarships, Fellowships, and Research	1,466,054	1,332,808
Unrestricted	4,358,799	9,334,595
Total Net Position	$ 50,737,649	$ 53,159,875

See accompanying notes to financial statements.

	2023	2022
Revenues		
Operating Revenues		
Tuition and Fees (net of scholarship allowances of $1,929,615 and $2,134,740 in 2023 and 2022, respectively)	$ 6,273,638	$ 6,655,238
Federal Grants and Contracts	414,818	400,123
Private, State, and Local Gifts, Contracts and Grants	1,455,285	1,356,567
Sales and Services of Educational Departments	61,093	63,788
Auxiliary Enterprises	2,650	20,850
Other Operating Revenues	131,142	40,664
Total Operating Revenues	8,338,626	8,537,230
Expenses		
Operating Expenses		
Instructional	8,703,854	7,933,648
Public Service	287	29,762
Academic Support	1,327,837	1,058,421
Student Services	3,923,227	2,559,816
Institutional Support	4,190,230	4,274,967
Operation and Maintenance of Plant	3,226,732	2,462,315
Depreciation and Amortization Expense	2,265,535	1,680,069
Student Scholarship and Financial Aid	2,949,855	6,172,268
Auxiliary Enterprise	5,490	768
Total Operating Expenses	26,593,047	26,172,034
Operating Loss	(18,254,421)	(17,634,804)
Nonoperating Revenues (Expenses)		
State Appropriations	11,506,001	11,732,660
Federal Grants and Contracts - Pell	3,188,826	3,344,619
Federal Grants and Contracts - CRF, HEERF and SIP	643,551	7,621,778
Investment Income	995,642	(571,890)
Interest on Indebtedness	(86,458)	(21,555)
Loss on Disposal of Capital Assets	(696,857)	(35,360)
Total Nonoperating Revenues (Expenses)	15,550,705	22,070,252
Income (Loss) before Other Revenues	(2,703,716)	4,435,448
Other Revenues		
Capital Grants and Gifts	219,940	1,448,694
Additions to Permanent Endowments	61,550	71,712
Total Other Revenues	281,490	1,520,406
Increase (Decrease) in Net Position	(2,422,226)	5,955,854
Net position		
Net Position at Beginning of the Year (Restated)	53,159,875	47,204,021
Net Position at End of the Year	$ 50,737,649	$ 53,159,875

See accompanying notes to financial statements.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Tuition and Fees	$ 6,191,715	$ 6,658,552
Grants and Contracts	2,511,290	1,463,544
Payments to Suppliers	(6,922,816)	(6,113,016)
Payments for Utilities	(441,485)	(461,046)
Payments to Employees	(12,544,532)	(11,746,704)
Payments for Benefits	(3,517,500)	(3,498,666)
Payments for Scholarships	(3,092,280)	(6,340,474)
Auxiliary Enterprise Receipts	2,650	20,850
Sales and Services	(356,174)	87,710
Net Cash Used in Operating Activities	(18,169,132)	(19,929,250)
Cash Flows from Noncapital Financing Activities		
State Appropriations	11,506,001	11,732,660
Gifts and Grants Other than Capital - Pell	3,188,826	3,344,619
Gifts and Grants Other than Capital - CRF, HEERF and SIP	643,551	10,311,005
Net Cash from Noncapital Financing Activities	15,338,378	25,388,284
Cash Flows from Capital Financing Activities		
Purchase of Capital Assets	(4,517,490)	(678,399)
Principal Paid on Capital Related Debt	(23,620)	(23,619)
Interest on Capital Related Debt	(8,320)	(8,320)
Principal Paid on Subscription Liabilities	(399,004)	(129,582)
Interest Paid on Subscription Liabilities	(78,138)	(13,235)
Net Cash Used in Capital Financing Activities	(5,026,572)	(853,155)
Cash Flows from Investing Activities		
Investment Income	589,062	211,488
Net Change in Investments	(13,975,402)	51,057
Net Cash Provided from Investing Activities	(13,386,340)	262,545
Net Increase (Decrease) in Cash	(21,243,666)	4,868,424
Cash and Cash Equivalents, beginning of year	26,732,164	21,863,740
Cash and Cash Equivalents, end of year	$ 5,488,498	$ 26,732,164

See accompanying notes to financial statements.

	2023	2022
Reconciliation of Net Operating Loss to Net Cash Used from Operating Activities		
Operating Loss	$ (18,254,421)	$ (17,634,804)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
Depreciation and Amortization Expense	2,265,535	1,680,069
Changes in Assets and Liabilities		
Accounts Receivable, Net	(642,563)	(103,407)
Other Assets	(1,058,499)	(223,097)
Accounts Payable	53,369	36,148
Accrued Liabilities and Compensated Absences	(601,708)	115,803
Unearned Revenue	410,788	(174,522)
Pension and OPEB	(341,632)	(3,625,440)
Net Cash Used in Operating Activities	$ (18,169,132)	$ (19,919,250)
Non-Cash Transactions		
Contribution for OBR and Donated Asset	$ 219,940	$ 1,448,694
Capital assets acquired through financing	$ -	$ -
Subscription Asset Recognized	$ 1,755,720	$ 513,949
Subscription Liability Recognized	$ 1,755,720	$ 513,949

See accompanying notes to financial statements.

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Central Ohio Technical College (COTC) was established in 1971 and currently serves over 4,800 students annually. The College operates campuses in Newark, Coshocton, Knox, and Pataskala, and serves an increasing number of students via online classes. Currently, the College offers more than 50 associate degrees and certificates within: Arts and Sciences; Engineering, Industrial and Business Technologies; Health and Human Services; and Public Safety Technologies. At COTC, students enjoy a competitive tuition rate, a wide range of campus activities and organizations, and strong academic support services.

COTC shares its Newark campus with The Ohio State University at Newark, which results in a diverse campus setting that includes 135 acres of green space. For more information, please visit www.cotc.edu.

COTC is accredited by The Higher Learning Commission and is a member of the North Central Association.

NOTE 2 - SUMMARY OF 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 Governmental Accounting Standards Board (GASB). GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis —for Public Colleges and Universities* and subsequent pronouncements establish 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 accumulated depreciation and outstanding debt obligations related to the acquisition, construction, or improvement of those assets

- Restricted Nonexpendable: Resources subject to externally imposed stipulations that the College maintain them permanently. Such assets include the College's permanent endowment funds.

  Restricted Expendable: Resources whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

- Unrestricted: The unrestricted component of net position represents resources not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Accrual Basis: The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The College reports as a Business-Type Activity (BTA) as defined by GASB 35. BTAs are those activities that are financed in whole or part by fees charged to external parties for goods and services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: This classification appears on the Statement of Net Position and the Statement of Cash Flows and includes petty cash, cash of deposit with private bank accounts and savings accounts. For purposes of the statement of cash flows and for presentation of the statement of net position, investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

Accounts Receivable: Accounts receivable represents the balance of unpaid student tuition charges, federal and state grants receivable, and other receivables owed to the College.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is determined by management based on the College's historical losses, specific student circumstances, and general economic conditions. Annually, management reviews accounts receivable and records an allowance for specific students based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed.

Pledges Receivable: The College has The Alford Center Building and Premier Faculty/Staff Scholarship as part of pledge receivables. These will provide funding for capital projects and future scholarships.

Capital Assets: Capital assets are stated at cost at date of acquisition or, in the case of gifts, at the acquisition value at date of gift. Equipment, furniture, and library books with a unit cost of $2,500 or more and having an estimated useful life of greater than one year are capitalized. Renovations to buildings, infrastructure and land improvements over $2,500 that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 20 years for land improvements, 40 years for buildings, 5 – 10 years for fixed equipment, and furniture. Depreciable leasehold improvements are depreciated over the lesser of the useful life or the lease term. Depreciation starts the month of purchase.

Subscription Assets: A subscription asset is a subscriber's right to use an asset over the life of a subscription-based information technology arrangement (SBITA). The asset is calculated as the initial subscription liability, plus any payments made to the SBITA supplier before commencement of the subscription term, and any capitalizable implementation costs. Amortization of the subscription asset is recognized as an outflow of resources over the subscription term. Preliminary project activity outlays for costs such as selecting a SBITA supplier are expensed as incurred. Initial implementation costs, including ancillary charges to place the subscription asset into service, are capitalized. Operational and any subsequent implementation activities are expensed as incurred unless they meet specific capitalization criteria. At the termination of the subscription, the subscription asset and associated liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

Cost Sharing Between Related Parties: The College shares campus facilities and staff, including senior administration with The Ohio State University at Newark. Jointly incurred costs are allocated between institutions based on student enrollment and utilization factors. Additionally, each institution may purchase certain services from each other.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue: Unearned revenue consists primarily of summer school fees. The College received amounts for tuition and fees prior to June 30, 2023 and 2022 but relate to the subsequent accounting period. The College recognizes summer tuition revenue prorated on the basis of class dates within each fiscal year. In addition, unearned revenue includes amounts received in advance from grants and contracts that have not yet been earned under the terms of the agreement.

Compensated Absences: Noncurrent liabilities include compensated absences that will not be paid within the next fiscal year.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits if both of these conditions are met:

- The employee’s right to receive compensation is attributable to services already rendered.

- It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For vacation leave the College posts a liability for 100% of accumulated vacation time up to the maximum allowed accrued benefit.

A liability for sick leave and other compensated absences with similar characteristics (hereinafter referred to as “sick leave”) should be accrued using one of the following termination approaches:

- The sick leave liability generally would be an estimate based on governmental entity’s past experience of making termination payments for sick leave, adjusted for the effects of changes in termination payment policy and other current factors. This approach is known as the termination payment method.

- The sick leave liability would be an accrual for those employees expected to become eligible in one year based on assumptions concerning the probability that individual employees, classes, or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is known as the vesting method.

For sick leave liability, the College uses the vesting method. The College posts a liability for any employee with ten years of service in the retirement system. These accumulations are reduced to the maximum amount allowed as a termination payment.

Scholarship Allowances: Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students’ behalf. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance discount.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability (asset), net pension 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 Ohio Public Employees Retirement System and State Teachers Retirement System of Ohio plans ("OPERS" and "STRS", respectively) and additions to/deductions from OPERS and STRS fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS. OPERS and STRS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements.

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 Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported on the statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statement of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources include pension and OPEB plans and are reported on the statement of net position. (See Notes 10 and 11)

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

Restricted Asset Spending Policy: The College's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

Operating Activities: The College defines operating activities, as reported on the statement of revenues, expenses, and changes in net position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenues relied upon for certain governmental grants, such as state appropriations, Pell, grants, contracts, and investment income, are recorded as non-operating revenues, in accordance with accounting principles generally accepted in the United States of America.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 resulted in a prior period adjustment.

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.

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 – PRIOR PERIOD ADJUSTMENT

Certain prior year balances have been reclassified to conform to current year presentation.

Net position as of June 30, 2022, has been restated as follows for the implementation of GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, and related guidance from GASB Implementation Guide No. 2023-1, *Subscription-based Information Technology Arrangements*:

Net Position June 30, 2022:	$ 53,124,375
Adjustments:	
Right-to-Use Subscription-based IT Arrangements:	
Subscription Assets, Net of Accumulated Amortization	419,867
Subscription Liabilities	(384,367)
Restated Net Position June 30, 2022:	$ 53,159,875

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The College invests in those instruments identified by state statue. Specifically, authorized investment instruments consist of obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, bonds and other obligations of the State of Ohio and its political subdivisions and the State Treasury Asset Reserve of Ohio ("STAR Ohio"), which are managed by the State of Ohio.

Cash and Cash Equivalents

At June 30, 2023 and 2022, the carrying amount of cash and cash equivalents (book balances) were as follows:

	2023	2022
Petty cash	$ 625	$ 1,325
Demand deposits	2,342,804	11,967,562
Money market fund	2,222,805	182,676
	$ 4,566,234	$ 12,151,563

Custodial Credit Risk: 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 and 2022, the carrying amount of the College's cash and cash equivalents was $4,566,234 and $12,151,563 and the bank balances were $4,880,633 and $12,590,643, all respectively. The difference in the carrying amount and bank balance results primarily from outstanding checks. Of the June 30, 2023 bank balances, $250,000 are covered by federal deposit insurance. The remaining bank balances at June 30, 2023 of $4,630,633, is uninsured but collateralized by U.S. Treasuries held by the Federal Reserve Bank in "book entry" form in the name of the respective bank, and internally designates the securities as assigned to the College.

Investments

At June 30, 2023 and 2022, the College had amounts on deposit with STAR Ohio, with a fair value of $922,264 and $14,580,601, respectively. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, Certain External Investment Pools and Pool Participants. The College measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The College's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investment reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Assets classified in Level 1 of the fair value hierarchy are valued directly from a primary external pricing vendor.

Investment by Fair Value Level	June 30, 2023	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond Mutual Funds	$ 804,918	$ 804,918	$ -	$ -
Domestic Equities	1,563,979	1,563,979	-	-
International Equities	34,690	34,690	-	-
Equity Mutual Funds	1,162,021	1,162,021	-	-
Negotiable Certificates of Deposits	2,416,476	2,416,476	-	-
U.S. Treasury Bills	9,868,006	9,868,006	-	-
U.S. Treasury Bonds/Notes	989,609	989,609	-	-
U.S. Govt Agy-Exempt State	1,092,666	1,092,666	-	-
	$ 17,932,365	$ 17,932,365	$ -	$ -

Investment by Fair Value Level	June 30, 2022	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond Mutual Funds	$ 917,421	$ 917,421	$ -	$ -
Domestic Equities	1,377,369	1,377,369	-	-
International Equities	31,273	31,273	-	-
Equity Mutual Funds	966,295	966,295	-	-
Negotiable Certificates of Deposits	193,398	193,398	-	-
	$ 3,485,756	$ 3,485,756	$ -	$ -

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (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.

As of June 30, 2023, the College had the following investments and maturities using the segmented time distribution method:

			Investment Maturities (in years)		
Investment Type	Rating	Fair Value	<1	1-5	6-10
Fixed Income Funds	A- / A+	$ 804,918	$ 804,918	$ -	$ -
Equities and Equity Funds	N/A	2,760,690	2,760,690	-	-
Negotiable Certificates of Deposits	N/A	2,416,476	693,388	1,723,088	-
U.S. Treasury Bills	N/A	9,868,006	9,868,006	-	-
U.S. Treasury Bonds/Notes	N/A	989,609	-	989,609	-
U.S. Govt Agy-Exempt State	AA+	1,092,666	-	1,092,666	-
STAR Ohio Funds	AAA	922,264	922,264	-	-
		$ 18,854,629	$ 15,049,266	$ 3,805,363	$ -

As of June 30, 2022, the College had the following investments and maturities using the segmented time distribution method:

			Investment Maturities (in years)		
Investment Type	Rating	Fair Value	<1	1-5	6-10
Fixed Income Funds	A- / A+	$ 917,421	$ 917,421	$ -	$ -
Equities and Equity Funds	N/A	2,374,937	2,374,937	-	-
Negotiable Certificates of Deposits	N/A	193,398	-	193,398	-
STAR Ohio Funds	AAA	14,580,601	14,580,601	-	-
		$ 18,066,357	$ 17,872,959	$ 193,398	$ -

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's Investment Policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 limits investments in fixed income securities to government and agency issues and corporate issues in the top four quality rating of recognized credit services. Investments below investment grade and derivatives are specifically prohibited.

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's Investment Policy limits investment in any single issue other than U.S. government securities to 10% of the total investment portfolio.

	June 30, 2023		June 30, 2022	
	Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments
Financial Statements	$ 5,488,498	$ 17,932,365	$ 26,732,164	$ 3,485,756
Investments:				
STAR Ohio	(922,264)	922,264	(14,580,601)	14,580,601
Footnote	$ 4,566,234	$ 18,854,629	$ 12,151,563	$ 18,066,357

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2023 and 2022 were temporarily restricted and due as follows:

	2023	2022
Within one year	$ 8,872	$ 9,702
One to five years	-	2,352
	8,872	12,054
Allowance	(266)	(372)
Total	$ 8,605	$ 11,682

NOTE 6 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2023 and 2022 are summarized below.

	July 1, 2022 Balance	Additions	Reductions	June 30, 2023 Balance
Nondepreciable Capital Assets:				
Land	$ 1,175,188	$ -	$ -	$ 1,175,188
Construction in Progress	9,307,628	4,006,019	9,307,628	4,006,019
Total Nondepreciable Capital Assets	10,482,816	4,006,019	9,307,628	5,181,207
Depreciable Capital Assets:				
Land Improvements	555,091	-	-	555,091
Buildings	47,921,265	9,450,045	1,573,433	55,797,877
Leasehold Improvements	502,464	7,679	-	510,143
Equipment, Furniture, and Library Books	6,846,727	581,315	969,711	6,458,331
Total Depreciable Capital Assets	55,825,547	10,039,039	2,543,144	63,321,442
Less Accumulated Depreciation:				
Land Improvements	265,353	27,755	-	293,108
Buildings	20,278,655	1,197,460	888,810	20,587,305
Leasehold Improvements	267,996	32,851	-	300,847
Equipment, Furniture, and Library Books	5,317,236	541,339	957,477	4,901,098
Total Accumulated Depreciation:	26,129,240	1,799,405	1,846,287	26,082,358
Total Depreciable Capital Assets, Net	29,696,307	8,239,634	696,857	37,239,084
Subscription Assets*	513,949	1,755,720	-	2,269,669
Less Accumulated Amortization:	94,082	466,130	-	560,212
Total Subscription Assets, Net	419,867	1,289,590	-	1,709,457
Total Capital and Subscription Assets, Net	$ 40,598,990	$ 13,535,243	$ 10,004,485	$ 44,129,748

*New category for the College's subscription-based information technology arrangement assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Technology Arrangements.*

NOTE 6 - CAPITAL ASSETS, NET (Continued)

	July 1, 2021 Balance	Additions	Reductions	June 30, 2022 Balance
Nondepreciable Capital Assets:				
Land	$ 1,175,188	$ -	$ -	$ 1,175,188
Construction in Progress	11,759,603	1,421,661	3,873,636	9,307,628
Total Nondepreciable Capital Assets	12,934,791	1,421,661	3,873,636	10,482,816
Depreciable Capital Assets:				
Land Improvements	555,091	-	-	555,091
Buildings	43,703,893	4,217,372	-	47,921,265
Leasehold Improvements	495,974	6,490	-	502,464
Equipment, Furniture, and Library Books	6,638,853	355,206	147,332	6,846,727
Total Depreciable Capital Assets	51,393,811	4,579,068	147,332	55,825,547
Less Accumulated Depreciation:				
Land Improvements	237,599	27,754	-	265,353
Buildings	19,081,194	1,197,461	-	20,278,655
Leasehold Improvements	235,061	32,935	-	267,996
Equipment, Furniture, and Library Books	5,101,371	327,837	111,972	5,317,236
Total Accumulated Depreciation:	24,655,225	1,585,987	111,972	26,129,240
Total Depreciable Capital Assets, Net	26,738,586	2,993,081	35,360	29,696,307
Subscription Assets*	-	513,949	-	513,949
Less Accumulated Amortization:	-	94,082	-	94,082
Total Subscription Assets, Net	-	419,867	-	419,867
Total Capital and Subscription Assets, Net	$ 39,673,377	$ 4,834,609	$ 3,908,996	$ 40,598,990

*New category for the College's subscription-based information technology arrangement assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Technology Arrangements.*

NOTE 7 - NONCURRENT LIABILITIES

Noncurrent liabilities are summarized as follows as of June 30:

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 896,196	$ 1,448,051	$ 1,435,262	$ 908,985	$ 481,680
Net Pension Liability	9,490,986	10,521,468	-	20,012,454	-
Financed Purchases	67,667	-	23,620	44,047	23,619
Subscription Liabilities	384,367	1,755,720	399,004	1,741,083	422,276
Total	$ 10,839,206	$ 13,725,249	$ 1,857,886	$ 22,706,569	$ 927,575

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 918,420	$ 1,136,150	$ 1,158,374	$ 896,196	$ 512,154
Net Pension Liability	18,613,359	-	9,122,373	9,490,986	-
Financed Purchases	91,286	-	23,619	67.667	23,619
Subscription Liabilities	-	513,949	129,582	384,367	99,435
Total	$ 19,623,065	$ 1,650,099	$ 10,433,948	$ 10,839,216	$ 635,208

NOTE 8 - FINANCED PURCHASES

Capital assets acquired through purchase agreements have been capitalized in the Statements of Net Position in both fiscal years 2023 and 2022 in the amount of $118,097. A corresponding long-term liability was recorded on the Statements of Net Position. Accumulated amortization in fiscal years 2023 and 2022 totaled $74,050 and $50,430, respectively.

Principal and interest payments required under the purchase agreements are due as follows:

	Financed Purchases		
Year Ended June 30:	Principal	Interest	Total
2024	$ 23,619	$ 8,320	$ 31,939
2025	14,660	5,399	20,059
2026	5,768	2,140	7,908
	$ 44,047	$ 15,859	$ 59,906

Interest expense for the years ended June 30, 2023 and 2022 was $8,320.

NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECNOLOGY ARRANGEMENTS

The College has entered into subscription-based information technology arrangements (SBITAs) involving:

- Enterprise Resource Planning system software
- Master scheduling software
- Learning management system software
- Human resources software

The total costs of the College’s subscription assets are recorded as $2,269,669, less accumulated amortization of $560,212.

NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECNOLOGY ARRANGEMENTS (Continued)

The future subscription payments under SBITA agreements are as follows:

	Subscriptions		
Year Ended June 30:	Principal	DrafInterest	Total
2024	$ 422,276	$ 65,863	$ 488,139
2025	454,755	44,709	499,464
2026	453,215	22,916	476,131
2027	410,837	1,718	412,555
	$ 1,741,083	$ 210,368	$ 1,876,289

Interest expense for the years ended June 30, 2023 and 2022 was $78,138 and $13,235, respectively.

NOTE 10 - RETIREMENT 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). Substantially all other employees are covered by the Ohio Public Employees' Retirement System (OPERS). These plans are statewide, multi-employer, cost sharing defined benefit plans. Employees may opt out of STRS or OPERS and participate in the alternative retirement plan (ARP) if they meet certain eligibility requirements.

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.

NOTE 10 – RETIREMENT PLANS (Continued)

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 - 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.

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.

NOTE 10 – RETIREMENT PLANS (Continued)

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.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal years ended June 30, 2023 and 2022, plan members were required to contribute 14% of their annual covered salary.

For both fiscal years, the College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 and 2022 contribution rates were equal to the statutory maximum rates.

The College's contractually required contributions to STRS was $989,405 and $966,462 for fiscal years 2023 and 2022, respectively.

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

Plan Description – College employees who are not covered by STRS participate in OPERS. OPERS administers three separate pension plans. The traditional pension plan is a cost-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. While members (e.g., College employees) may elect the member-directed plan and the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

NOTE 10 – RETIREMENT PLANS (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five year after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Funding Policy – The ORC provides statutory authority for member and employer contributions. For fiscal years 2023 and 2022, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The College's contractually required contributions was $671,965 and $615,204 for fiscal years 2023 and 2022, respectively.

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

The net pension liability presented as of June 30, 2023 was measured as of June 30, 2022 for the STRS plan and December 31, 2022 for the OPERS plan. The net pension liability presented as of June 30, 2022 was measured as of June 30, 2021 for the STRS plan and December 31, 2021 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities.

NOTE 10 – RETIREMENT PLANS (Continued)

The following is information related to the College's proportionate share, pension expense, and deferred inflows and outflows reported for fiscal years 2023 and 2022:

Fiscal Year 2023	STRS	OPERS	Total
Proportionate Share of the Net Pension Liability	$ 11,804,280	$ 8,208,174	$ 20,012,454
Proportion of the Net Pension Liability	0.0531004%	0.0277866%	
Change in Proportion	-0.0018526%	-0.0019134%	
Pension Expense	$ 805,362	$ 778,343	$ 1,583,705
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 151,111	$ 272,641	$ 423,752
Net difference between projected and actual earnings on pension plan investments	410,764	2,339,587	2,750,351
Change in assumptions	1,412,619	86,714	1,499,333
Change in College's proportionate share and difference in employer contributions	60,992	-	60,992
College contributions subsequent to the measurement date	989,405	331,641	1,321,046
	$ 3,024,891	$ 3,030,583	$ 6,055,474
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (45,155)	$ -	$ (45,155)
Change in assumptions	(1,063,296)	-	(1,063,296)
Change in the College's proportionate share and difference in employer contributions	(896,302)	(200,296)	(1,096,598)
	$ (2,004,753)	$ (200,296)	$ (2,205,049)

NOTE 10 – RETIREMENT PLANS (Continued)

Fiscal Year 2022	STRS	OPERS	Total
Proportionate Share of the Net Pension Liability	$ 7,026,222	$ 2,464,764	$ 9,490,986
Proportion of the Net Pension Liability	0.0549530%	0.0297000%	
Change in Proportion	-0.0039770%	-0.0002800%	
Pension Expense (Negative)	$ (692,563)	$ (775,631)	$ (1,468,194)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 217,076	$ 133,693	$ 350,769
Change in assumptions	1,949,200	329,106	2,278,306
Change in College's proportionate share and difference in employer contributions	121,986	1,695	123,681
College contributions subsequent to the measurement date	966,462	291,247	1,257,709
	$ 3,254,724	$ 755,741	$ 4,010,465
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (44,040)	$ (69,876)	$ (113,916)
Net difference between projected and actual earnings on pension plan investments	(6,055,258)	(3,099,224)	(9,154,482)
Change in the College's proportionate share and difference in employer contributions	(1,097,389)	(53,062)	(1,150,451)
	$ (7,196,687)	$ (3,222,162)	$ (10,418,849)

$1,321,046 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:

Year Ended June 30	STRS	OPERS	Total
2024	$ (223,571)	$ 178,079	$ (45,492)
2025	(354,164)	485,820	131,656
2026	(588,678)	688,654	99,976
2027	1,197,146	1,146,093	2,343,239
	$ 30,733	$ 2,498,646	$ 2,529,379

NOTE 10 – RETIREMENT PLANS (Continued)

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Salary increases	Varies by service from 2.5% to 8.5%	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%	3.00%
Investment rate of return:	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return:	7.00%	7.00%
Cost-of-living adjustments (COLA)	0%	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. The actuarial assumptions used in the June 30, 2021 valuation are based on the results of the latest available actual experience study for the period July 1, 2011 through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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 periods are summarized as follows:

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	26.00 %	6.60 %	28.00 %	7.35 %
International Equity	22.00	6.80	23.00	7.55
Alternatives	19.00	7.38	17.00	7.09
Fixed Income	22.00	1.75	21.00	3.00
Real Estate	10.00	5.75	10.00	6.00
Liquidity Reserves	1.00	1.00	1.00	2.25
Total	100.00 %		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.*

NOTE 10 – RETIREMENT PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021. 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 and 2021.

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:

Fiscal Year 2023	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 17,831,971	$ 11,804,280	$ 6,706,721
Fiscal Year 2022			
College's proportionate share of the net pension liability	$ 13,157,484	$ 7,026,222	$ 1,845,319

Actuarial Assumptions – OPERS:

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2023, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

NOTE 10 – RETIREMENT PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previous described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022 and 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022 and a gain of 15.3% for 2021.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocations for the most recent valuation periods, these best estimates are summarized in the following table:

	December 31, 2022		December 31, 2021	
Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	22.00 %	2.62 %	24.00 %	1.03 %
Domestic Equities	22.00	4.60	21.00	3.78
Real Estate	13.00	3.27	11.00	3.66
Private Equity	15.00	7.53	12.00	7.43
International Equities	21.00	5.51	23.00	4.88
Risk Parity	2.00	4.37	5.00	2.92
Other Investments	5.00	3.27	4.00	2.85
Total	100.00 %		100.00 %	

NOTE 10 – RETIREMENT PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.90% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022 and 2021.

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 for fiscal years 2023 and 2022, calculated using the current period discount rate of 6.90%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.90%) and one-percentage point higher (7.90%) than the current rate used:

Fiscal Year 2023	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Decrease (7.90%)
College's proportionate share of the net pension liability	$ 12,295,570	$ 8,208,174	$ 4,808,193
Fiscal Year 2022			
College's proportionate share of the net pension liability (asset)	$ 6,723,802	$ 2,464,764	$ (1,077,734)

Alternate Retirement Plans ("ARP"):

Certain full-time College faculty and unclassified staff have the option to choose the ARP in place of STRS or OPERS. The ARP is a defined contribution plan, which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of the ARP, the required contribution rates of plan participants are equal to the contribution rates of employees who would otherwise participate in STRS or OPERS. For fiscal year 2023, the College contributes 11.09% of a participating faculty member's compensation and 11.76% of participating non-faculty member's compensation to the participant's account and is also required to contribute an additional 2.91% of employees' covered compensation to STRS and 2.24% of employees' covered compensation to OPERS. For fiscal year 2022, the College contributes 9.53% of a participating faculty member's compensation and 11.56% of participating non-faculty member's compensation to the participant's account and is also required to contribute an additional 4.47% of employees' covered compensation to STRS and 2.44% of employees' covered compensation to OPERS. For the year ended June 30, 2023, the amounts contributed to STRS and OPERS by the College on behalf of ARP participants were $54,457 and $41,425, respectively. For the year ended June 30, 2022, the amounts contributed to STRS and OPERS by the College on behalf of ARP participants were $68,339 and $67,395, respectively. Employees become fully vested in employer contributions to the ARP after three years, with no vesting provided for terms of service less than three years.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (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 - 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.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal years ended June 30, 2023 and 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The ORC permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023 and 2022, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. For calendar year 2023, the portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

For calendar year 2022, the portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and in the Combined Plan.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. For calendar years 2023 and 2022, the employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan was 4.0%.

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

The net OPEB liability (asset) for STRS was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates. The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021 and 2020, rolled forward to the measurement date of December 31, 2022 and 2021, respectively, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The College's proportion of the net OPEB 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 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following is information related to the College's proportionate share, OPEB expense, and deferred inflows and outflows reported for fiscal years 2023 and 2022:

Fiscal Year 2023	STRS	OPERS	Total
Proportionate Share of the Net OPEB Liability (Asset)	$ (1,374,946)	$ 169,319	$ (1,205,627)
Proportion of the Net OPEB Liability (Asset)	0.0531004%	0.0268540%	
Change in Proportion	-0.0018526%	-0.0019390%	
OPEB Expense (Negative)	$ (288,758)	$ (315,533)	(604,291)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 19,932	$ -	$ 19,932
Net difference between projected and actual earnings on OPEB plan investments	23,934	336,275	360,209
Change in assumptions	58,568	165,379	223,947
Difference between employer contributions and proportionate share of contributions	6,063	-	6,063
	$ 108,497	$ 501,654	$ 610,151
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (206,489)	$ (42,235)	$ (248,724)
Change in assumptions	(974,968)	(13,608)	(988,576)
Difference between employer contributions and proportionate share of contributions	(85,933)	(4,965)	(90,898)
	$ (1,267,390)	$ (60,808)	$ (1,328,198)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Fiscal Year 2022	STRS	OPERS	Total
Proportionate Share of the Net OPEB Asset	$ 1,158,637	$ 901,841	$ 2,060,478
Proportion of the Net OPEB Asset	0.0549530%	0.0287930%	
Change in Proportion	-0.0039770%	-0.0002460%	
OPEB Expense (Negative)	$ (122,125)	$ (777,412)	$ (899,537)
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 41,255	$ -	$ 41,255
Change in assumptions	74,009	-	74,009
Difference between employer contributions and proportionate share of contributions	6,146	-	6,146
	$ 121,410	$ -	$ 121,410
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (212,283)	$ (136,795)	$ (349,078)
Net difference between projected and actual earnings on OPEB plan investments	(321,154)	(14,063)	(335,217)
Change in assumptions	(691,211)	(365,055)	(1,056,266)
Difference between employer contributions and proportionate share of contributions	(128,104)	(429,934)	(558,038)
	$ (1,352,752)	$ (945,847)	$ (2,298,599)

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

Year Ended June 30	STRS	OPERS	Total
2024	$ (356,352)	$ 51,652	$ (304,700)
2025	(351,549)	121,884	(229,665)
2026	(146,375)	104,861	(41,514)
2027	(61,803)	162,449	100,646
2028	(80,482)	-	(80,482)
2029	(162,332)	-	(162,332)
	$ (1,158,893)	$ 440,846	$ (718,047)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions – STRS:

The total OPEB asset in the June 30, 2022 and 2021 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases		
Current measurement period	Varies by service from 2.5% to 8.5%	
Prior measurement period	12.50% at age 20 to 2.50% at age 65	
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		
Current measurement period	7.50%	3.94%
Prior measurement period	5.00%	4.00%
Medicare		
Current measurement period	-68.78%	3.94%
Prior measurement period	-16.18%	4.00
Prescription Drug		
Pre-Medicare		
Current measurement period	9.00%	3.94%
Prior measurement period	6.50%	4.00%
Medicare		
Current measurement period	-5.47%	3.94%
Prior measurement period	29.98%	4.00%

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. The actuarial assumptions used in the June 30, 2021 valuation are based on the results of the latest available actual experience study for the period July 1, 2011 through June 30, 2016. An actuarial experience study is done on a quinquennial basis. STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The target allocation and long-term expected rate of return for each major asset class for the most recent valuation periods are summarized as follows:

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long Term Expected Real Rate of Return*	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	26.00 %	6.60 %	28.00 %	7.35 %
International Equity	22.00	6.80	23.00	7.55
Alternatives	19.00	7.38	17.00	7.09
Fixed Income	22.00	1.75	21.00	3.00
Real Estate	10.00	5.75	10.00	6.00
Liquidity Reserves	1.00	1.00	1.00	2.25
Total	100.00 %		100.00 %	

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

Discount Rate – The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2022 and 2021. 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 and 2021.

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 years 2023 and 2022, 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.

Fiscal Year 2023	1% Increase (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	$ 1,271,101	$ 1,374,946	$ 1,463,897
Fiscal Year 2022			
College's proportionate share of the net OPEB asset	$ 977,710	$ 1,158,637	$ 1,309,774

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (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:

Fiscal Year 2023	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
College's proportionate share of the net OPEB asset	$ 1,426,153	$ 1,374,946	$ 1,310,309
Fiscal Year 2022			
College's proportionate share of the net OPEB asset	$ 1,303,650	$ 1,158,637	$ 979,315

Actuarial Assumptions – OPERS:

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB asset for fiscal year 2023 was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The total OBEB asset for fiscal year 2022 was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.22%
Prior measurement period	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	4.05%
Prior measurement period	1.84%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2036
Prior measurement period	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previous described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022 and 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022 and a gain of 14.3% for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation for the most recent valuation periods, these best estimates are summarized in the following table:

	December 31, 2022		December 31, 2021	
Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00 %	2.56 %	34.00 %	0.91 %
Domestic Equities	26.00	4.60	25.00	3.78
REITs	7.00	4.70	7.00	3.71
International Equities	25.00	5.51	25.00	4.88
Risk Parity	2.00	4.37	2.00	2.92
Other Investments	6.00	1.84	7.00	1.93
Total	100.00 %		100.00 %	

Discount Rate. A single discount rate of 5.22% and 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2022 and 2021, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The single discount rate on the prior measurement date was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following table presents the College's proportionate share of the net OPEB liability (asset) for fiscal year 2022 and 2021 calculated using the single discount rate of 5.22% and 6.00%, respectively, as well as what the College's proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is 1.0% point lower or 1.0% point higher than the current rate:

Fiscal Year 2023	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
College's proportionate share of the net OPEB liability (asset)	$ 575,846	$ 169,319	$ (166,367)

Fiscal Year 2022	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$ 530,367	$ 901,841	$ 1,210,170

Sensitivity of the College's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

Fiscal Year 2023	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
College's proportionate share of the net OPEB liability	$ 158,586	$ 169,319	$ 181,126
Fiscal Year 2022			
College's proportionate share of the net OPEB asset	$ 911,586	$ 901,841	$ 890,280

NOTE 12 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

The College's operating expenses by natural classification were as follows for the years ended June 30, 2023 and 2022:

	2023	Revised 2022
Salaries and wages	$ 11,853,524	$ 11,821,881
Employee benefits	3,265,168	(85,289)
Supplies and materials	846,118	793,333
Services	4,828,937	5,160,520
Utilities	441,485	461,046
Depreciation	2,265,535	1,680,069
Student scholarships and financial aid	3,092,280	6,340,474
	$ 26,593,047	$ 26,172,034

NOTE 13 - RISK MANAGEMENT

Central Ohio Technical College is exposed to various risks of loss related to torts, theft of, damage to, and destructions of assets, errors, omissions, injuries to employees and natural disasters. The College contracts with Wright Specialty Insurance and United Educators for property and general liability insurance, including boiler and machinery coverage. General liability insurance is maintained in the amount of $1,000,000 for each occurrence and $3,000,000 in the aggregate. The College also carries a $10,000,000 excess liability policy that provides coverage beyond the general liability. There has been no significant change in coverage from the prior year.

Vehicles are covered by Wright Specialty Insurance and hold a $500 deductible. Automobile liability coverage has a $1,000,000 limit. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years and there has been no significant reduction in coverage from the prior year.

Central Ohio Technical College pays the State Worker's Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative cost.

Central Ohio Technical College provides life insurance to its employees through the Ohio State University.

Central Ohio Technical College obtains hospitalization coverage for its employee through the Ohio State University. The carrier for the hospitalization coverage is NGS American, Inc., Delta Dental for dental insurance, and Vision Service Plan for vision insurance. The College pays a composite rate per employee and the employees co-pay based on their insurance plan and level of coverage. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 14 - CONTINGENCIES

Central Ohio Technical College is involved from time to time in routine litigation. Management does not believe that the ultimate resolution of this litigation will be material to its financial condition or results of operation.

The College receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs, generally requires compliance with terms and conditions specified in the grant and is subject to audit by the grantor agencies.

NOTE 14 - CONTINGENCIES (Continued)

The College is currently undergoing a program review by the U.S, Department of Education. Any disallowed claims resulting from such audits could become a liability of the unrestricted or restricted educational and general funds or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial statements of the College at June 30, 2023.

The extent to which COVID-19 may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

REQUIRED SUPPLEMENTARY INFORMATION

Ohio Public Employees Retirement System - Traditional Pension Plan

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.037311%	$ 6,487,394	$ 4,846,914	133.85%	81.08%
2017	0.035527%	8,054,985	4,673,836	172.34%	77.25%
2018	0.032953%	5,128,894	4,744,529	108.10%	84.66%
2019	0.029640%	8,085,541	4,356,460	185.60%	74.70%
2020	0.030235%	5,917,045	4,461,736	132.62%	82.17%
2021	0.029980%	4,354,321	4,408,550	98.77%	86.88%
2022	0.029700%	2,464,764	4,399,843	56.02%	92.62%
2023	0.027787%	8,208,174	4,394,314	186.79%	75.74%

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

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 678,568	$ (678,568)	$ -	$ 4,846,914	14.00%
2016	654,337	(654,337)	-	4,673,836	14.00%
2017	664,234	(664,234)	-	4,744,529	14.00%
2018	566,340	(566,340)	-	4,356,460	13.00%
2019	624,643	(624,643)	-	4,461,736	14.00%
2020	617,197	(617,197)	-	4,408,550	14.00%
2021	615,978	(615,978)	-	4,399,843	14.00%
2022	615,204	(615,204)	-	4,394,314	14.00%
2023	671,965	(671,965)	-	4,799,750	14.00%

(3) The College elected not to present information prior to 2015. The College will continue to present information for years available until a full ten-year trend is compiled.

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.070752%	$ 19,582,614	$ 7,473,026	262.04%	72.09%
2017	0.068619%	22,968,814	7,100,915	323.46%	66.78%
2018	0.065526%	15,565,747	7,063,113	220.38%	75.29%
2019	0.058548%	12,873,463	6,506,574	197.85%	77.31%
2020	0.060100%	13,290,849	6,899,800	192.63%	77.40%
2021	0.058930%	14,259,038	7,143,507	199.61%	75.48%
2022	0.054953%	7,026,222	6,780,828	103.62%	87.78%
2023	0.053100%	11,804,280	6,903,302	170.99%	78.88%

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

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 1,022,310	$ (1,022,310)	$ -	$ 7,473,026	13.68%
2016	994,128	(994,128)	-	7,100,915	14.00%
2017	988,836	(988,836)	-	7,063,113	14.00%
2018	910,920	(910,920)	-	6,506,574	14.00%
2019	965,972	(965,972)	-	6,899,800	14.00%
2020	1,000,091	(1,000,091)	-	7,143,507	14.00%
2021	949,316	(949,316)	-	6,780,828	14.00%
2022	966,462	(966,462)	-	6,903,302	14.00%
2023	989,405	(989,405)	-	7,067,179	14.00%

(3) The College elected not to present information prior to 2015. The College will continue to present information for years available until a full ten-year trend is compiled.

SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AND COLLEGE OPEB CONTRIBUTIONS

Ohio Public Employees Retirement System

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2018	0.031970%	$ 3,471,707	$ 4,744,529	73.17%	54.14%
2019	0.028794%	3,754,058	4,356,460	86.17%	46.33%
2020	0.029300%	4,047,091	4,461,736	90.71%	47.80%
2021	0.029039%	(516,658)	4,408,550	(11.72%)	115.57%
2022	0.028793%	(901,841)	4,399,843	(20.50%)	128.23%
2023	0.026854%	169,319	4,394,314	3.85%	94.79%

(1) Information prior to 2018 is not available. The College will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 43,564	$ (43,564)	$ -	$ 4,356,460	1.00%
2019	-	-	-	4,461,736	0.00%
2020	-	-	-	4,408,550	0.00%
2021	-	-	-	4,399,843	0.00%
2022	-	-	-	4,394,314	0.00%
2023	-	-	-	4,799,750	0.00%

(3) The College elected not to present information prior to 2018. The College will continue to present information for years available until a full ten-year trend is compiled.

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 (Asset)
2018	0.065530%	$ 2,556,567	$ 7,063,113	36.20%	47.11%
2019	0.058548%	(940,812)	6,506,574	(14.46%)	176.00%
2020	0.060100%	(955,400)	6,899,800	(13.85%)	174.74%
2021	0.058930%	(1,035,694)	7,143,507	(14.50%)	182.13%
2022	0.054953%	(1,158,637)	6,780,828	(17.09%)	174.73%
2023	0.053100%	(1,374,946)	6,903,302	(19.92%)	230.73%

(1) Information prior to 2018 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
2017	$ -	$ -	$ -	$ 7,063,113	0.00%
2018	-	-	-	6,506,574	0.00%
2019	-	-	-	6,899,800	0.00%
2020	-	-	-	7,143,507	0.00%
2021	-	-	-	6,780,828	0.00%
2022	-	-	-	6,903,302	0.00%
2023	-	-	-	7,067,179	0.00%

(3) The College elected not to present information prior to 2017. 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.

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

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.

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to Pension Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

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

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

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement year 2017, the single discount rate changed from 4.23% to 3.85%.
For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

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

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

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

For measurement year 2022, the single discount rate changed from 6.00% to 5.22%.

SUPPLEMENTAL INFORMATION

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

Board of Trustees
Central Ohio Technical College
Newark, 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 Central Ohio Technical 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 December 8, 2023, wherein we noted the College adopted the provisions of Governmental Accounting Standards Board Statement No. 96 for the year ended June 30, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 8, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

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

Board of Trustees
Central Ohio Technical College
Newark, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Ohio Technical 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
December 8, 2023

CENTRAL OHIO TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Number	Expenditures
U.S. Department of Education			
Student Financial Aissistance Cluster:			
Federal Direct Student Loans	84.268	(1)	$ 3,065,259
Federal Pell Grant Program	84.063	(1)	3,188,826
Federal Supplemental Education Opportunity Grants	84.007	(1)	133,994
Federal Work-Study Program	84.033	(1)	70,001
Total Student Financial Assistance Cluster			6,458,080
COVID-19 - Education Stabilization Fund:			
Higher Education Emergency Relief Fund (HEERF) Student	84.425E	(1)	321,776
HEERF Institutional Portion	84.425F	(1)	215,044
Total Education Stabilization Fund			536,820
Passed through State Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	06507820-C2	177,853
Total U.S. Department of Education			7,172,753
U.S. Department of Labor			
Employment and Training Administration:			
Passed through Ohio Department of Education:			
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	MI-37027-21-60-A-39	36,440
Total U.S. Department of Labor			36,440
Total Expenditures of Federal Awards			$ 7,209,193

(1) - Direct Award

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of these statements.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2023. The information in this 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* (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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 - OUTSTANDING LOANS

The College originates but does not make Federal Direct Student Loans (FDLs). For the fiscal year 2023, the College certified need for $3,065,259 in loans. The amount presented represents the value of new FDLs awarded during the fiscal year as follows:

Federal Subsidized Loans	$ 1,238,736
Federal Unsubsidized Loans	1,780,986
Parent PLUS Loans	45,540
Total FDL	$ 3,065,259

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 – Supplemental Educational Opportunity Grant
ALN 84.033 – College Work Study
ALN 84.063 – Pell Grant
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

Section IV – Summary of Prior Audit Findings and Questioned Costs

None noted

Board of Trustees:

Title/Name	Term Expires	Surety	Amount of Coverage
Cheryl L. Snyder (1)	2024	(2)	$ 1,000,000
Chairperson Robert A. Montagnese	2023	(2)	1,000,000
Andrew Guanciale	2025	(2)	1,000,000
Marion M. Sutton (1)	2024	(2)	1,000,000
Rhoda Warnock	2024	(2)	1,000,000
Bruce E. Hawkins	2025	(2)	1,000,000
J. Andrew Crawford (1)	2023	(2)	1,000,000
Paul M. Thompson (1)	2023	(2)	1,000,000

(1) School Board Caucus
(2) Marsh USA, Wright Specialty Insurance, Uniondale, New York. The College also has a $15 million umbrella insurance policy with United Educators. Chevy Chase, Maryland.

Cabinet Members:

Name	Title	Surety	Amount of Coverage
Dr. John Berry	President	(3)	$ 1,000,000
Dr. Gregory Ferenchak	Provost	(3)	1,000,000
Dr. David Brillhart	Vice President for Business and Finance	(3)	1,000,000
Dr. Jacqueline Parrill	Vice President and Chief of Staff	(3)	1,000,000
Mr. Brian Boehmer	Superintendent of Facilities & Support Services	(3)	1,000,000
Dr. Sanath Kumar	Marketing and Public Relations Director	(3)	1,000,000
Ms. Kimberly Manno, J.D.	Director of Advancement	(3)	1,000,000
Ms. Sarah Morrison	Dean of Enrollment Management	(3)	1,000,000

(3) Marsh USA, Wright Specialty Insurance, Uniondale, New York. The College also has a $15 million umbrella insurance policy with United Educators. Chevy Chase, Maryland.

OHIO AUDITOR OF STATE
KEITH FABER

CENTRAL OHIO TECHNICAL COLLEGE

LICKING 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 1/16/2024