CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

# EDISON STATE COMMUNITY COLLEGE
# MIAMI COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Edison State Community College
1973 Edison Drive
Piqua, Ohio 45356

We have reviewed the Independent Auditors' Report of the Edison State Community College, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2023 through June 30, 2024. 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 Edison State Community College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

**December 27, 2024**

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EDISON STATE COMMUNITY COLLEGE
BOARD OF TRUSTEES AND ADMINISTRATIVE PERSONNEL
Years Ended June 30, 2024 and 2023

| **Board of Trustees** | **Title** | **Term of Office** |
|---|---|---|
| Mrs. Tyeis Baker-Baumann | Chair | 2019-2025 |
| Mr. Douglas L. Fortkamp | Vice Chair | 2019-2025 |
| Mr. James C. Oda | Trustee | 2023-2029 |
| Mrs. Tamara Baird Ganley | Trustee | 2021-2027 |
| Dr. Philip E. Dubbs | Trustee | 2021-2027 |
| Mr. Gary V. Heitmeyer | Trustee | 2021-2027 |
| Dr. Thomas P. Milligan | Trustee | 2023-2029 |
| Mrs. Elizabeth Simms Gutmann | Trustee | 2019-2025 |

| **College Administration** | **Title** |
|---|---|
| Chris Spradlin | President |
| Mr. Chad Beanblossom | Vice President of College Operations, COO |
| Dr. Rick Hanes | Vice President of Advancement, Strategic Planning & Partnerships / Executive Director of The Edison Foundation |
| Mrs. Heather Lanham | Senior Executive Assistant to the President, Secretary to the Board of Trustees, Chief Government Relations Officer |
| Mr. James Lehmkuhl | Vice President of Finance and Institutional Effectiveness, CFO |
| Mr. Bruce McKenzie | Chief Marketing Officer and Director of Communications |
| Mrs. Kara Myers | Director of Human Resources |
| Dr. Melissa A. Wertz | Provost |
| Mrs. Macy Guillozet | Controller |
| Mrs. Paige Kiley | Director of Financial Aid |

**Insurance**
All employees are insured through the Ohio Association of Community Colleges (OACC) Risk Management and Insurance Program for $1,000,000. The effective date of the policy is November 1, 2023 to November 1, 2024.

**Legal Counsel**
Dave Yost, Ohio Attorney General
Education Section
30 E. Broad St., 16th Floor
Columbus, OH 43215

**College Location**
1973 Edison Drive
Piqua, Ohio 45356

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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# INDEPENDENT AUDITORS' REPORT

Board of Trustees
Edison State Community College
Piqua, Ohio

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the business-type activities and the discretely presented component unit of Edison State Community College (the College), a component unit of the State of Ohio, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Required Supplementary Information*

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

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedules of the Board of Trustees and the Administrative Personnel but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 October 10, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 10, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Edison State Community College's (the "College") financial statements provides an overview of the College's financial activities as of and for the years ended June 30, 2024 and 2023. Management has prepared the financial statements and the related disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with College management.

### Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This Statement requires a comprehensive look at the entity as a whole and presents a long-term view of the entity's finances. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* which applies these standards to public colleges and universities.

The standards require three basic financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements in the above-referred format, notes to financial statements, required supplementary information, and supplemental information.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources under the accrual basis of accounting, which is the same as the accounting used by most private sector institutions. All of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

### Financial Highlights

In the fiscal year ended June 30, 2024, the College's revenue and other support was higher than expenses, creating an increase in net position of $1,706,508. Operating revenue decreased from fiscal year 2023 due to a decrease in other operating revenues. Operating expenses decreased primarily due to ending admission the College's tuition waiver program for students and decreased payroll expenses, as noted in the following analysis. In addition, the cash and short-term investment position of the College increased by $1,749,193.

### The Statements of Net Position and the Statements of Revenue, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is whether the College, as a whole, is better off or worse off as a result of the year's activities. The Statements of Net Position and the Statements of Revenue, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. Other indicators of the College's overall health must also be considered. These include the trend and quality of applicants, class size, student retention, strength of faculty, condition of the buildings, and the safety of campus. All are necessary to assess the overall health of the College.

The College's financial position was higher at June 30, 2024 than it was in the prior year. In fiscal year 2024, the College experienced an increase in nonoperating revenues and decreased operating expenses.

The following is a summary of the major components of net position and operating results of the College as of and for the years ended June 30, 2024, 2023, and 2022:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Current assets | $ 8,699,901 | $ 6,913,534 | $ 9,247,194 |
| Noncurrent assets | | | |
| Capital assets - Net | 23,381,756 | 22,140,200 | 22,632,665 |
| Other | 2,809,208 | 3,254,492 | 3,128,454 |
| Total assets | 34,890,865 | 32,308,226 | 35,008,313 |
| Deferred outflows of resources | | | |
| OPEB costs | 358,221 | 666,535 | 164,118 |
| Pension costs | 4,210,312 | 5,959,148 | 3,434,259 |
| Loss on bond refunding | 39,378 | 55,673 | 71,967 |
| Total deferred outflows of resources | 4,607,911 | 6,681,356 | 3,670,344 |
| Current liabilities | 3,578,356 | 3,245,397 | 3,193,713 |
| Noncurrent liabilities | 19,257,682 | 20,560,429 | 10,901,047 |
| Total liabilities | 22,836,038 | 23,805,826 | 14,094,760 |
| Deferred inflows of resources | | | |
| OPEB costs | 778,035 | 923,094 | 1,829,577 |
| Pension costs | 754,131 | 836,598 | 7,179,672 |
| Total deferred inflows of resources | 1,532,166 | 1,759,692 | 9,009,249 |
| Net position | | | |
| Net investment in capital assets | 20,026,557 | 18,948,301 | 18,930,499 |
| Restricted - expendable | 1,047,352 | 1,312,122 * | 1,951,790 * |
| Unrestricted | (5,943,337) | (6,836,359) * | (5,307,641) * |
| Total net position | $ 15,130,572 | $ 13,424,064 | $ 15,574,648 |

* During the fiscal year ended June 30, 2024, based on updated guidance and interpretations of accounting principles, the College determined that net OPEB assets are considered restricted assets as they can only be used to provide OPEB benefits. As a result, the College restated restricted and unrestricted net position in the table above for the fiscal years ended June 30, 2023 and 2022.

| | Years Ended June 30 | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Operating revenues** | | | |
| Student tuition and fees | $ 10,221,348 | $ 10,272,170 | $ 9,714,819 |
| Less grants and scholarships | (3,586,089) | (3,209,681) | (2,797,992) |
| Net student tuition and fees | 6,635,259 | 7,062,489 | 6,916,827 |
| Federal grants and contracts | 467,303 | 286,531 | 327,007 |
| State and local grants and contracts | 929,359 | 239,924 | 137,833 |
| Auxiliary activities | 65,100 | 120,309 | 140,204 |
| Other operating revenues | 199,802 | 887,715 | 195,634 |
| Total operating revenues | 8,296,823 | 8,596,968 | 7,717,505 |
| **Operating expenses** | | | |
| Educational and general instruction | | | |
| Instruction | 8,137,003 | 7,888,914 | 6,671,948 |
| Public service | 729,675 | 596,680 | 374,628 |
| Academic support | 761,954 | 694,856 | 545,269 |
| Student services | 2,918,439 | 2,903,107 | 2,079,253 |
| Institutional support | 7,288,195 | 9,431,065 | 8,815,001 |
| Plant operations and maintenance | 1,775,472 | 1,734,746 | 1,420,996 |
| Depreciation and amortization | 2,213,726 | 1,688,628 | 1,531,974 |
| Student aid | 579,982 | 727,655 | 3,270,309 |
| Auxiliary enterprises | 7,000 | 6,950 | 7,000 |
| Total operating expenses | 24,411,446 | 25,672,601 | 24,716,378 |
| **Operating loss** | (16,114,623) | (17,075,633) | (16,998,873) |
| **Nonoperating revenues (expenses) and other revenues** | | | |
| Federal grants and contracts | 3,447,065 | 3,401,175 | 8,668,199 |
| State appropriations | 12,396,676 | 11,444,117 | 10,512,468 |
| Interest expense | (190,650) | (141,107) | (151,326) |
| Other nonoperating revenues (expenses) | 441,445 | 129,667 | 75,133 |
| Community project expense | - | - | (150,000) |
| Capital appropriations | 1,726,595 | 91,197 | 649,941 |
| Total nonoperating revenues (expenses) and other revenues | 17,821,131 | 14,925,049 | 19,604,415 |
| **Change in net position** | $ 1,706,508 | $ (2,150,584) | $ 2,605,542 |

**Operating Revenue**

Operating revenue includes all revenue from exchange transactions such as tuition and fees, as well as income from sales of goods and services such as bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for service.

The following factors had a significant impact on the fiscal year 2024 operating revenue:

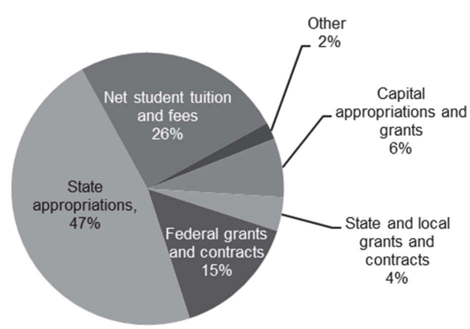
- Gross student tuition and fees decreased by 0.49%, or $50,822 due to an increase in bad debt expense from student receivables. Net student tuition and fees decreased by 6.05%, or $427,230, due to an increased amount of Federal Pell awards to students.

The following factors had a significant impact on the fiscal year 2023 operating revenue:

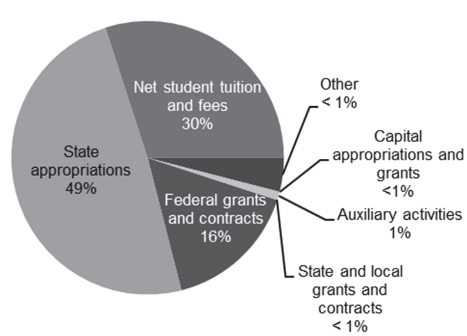
- Gross student tuition and fees increased by 5.74%, or $557,351 due to an increase in enrollment in traditional students of 2% in addition to an increase in tuition rates. Net student tuition and fees increased by 2.11%, or $145,662, due to an increase in student tuition and fees and increased amount of Federal Pell awards to students.

The following is a graphic illustration of total revenue by source:

**2024 Sources of Revenues**




**2023 Sources of Revenues**



**Operating Expenses**

Operating expenses are all the costs necessary to perform and conduct the programs and functions of the College.

Fiscal year 2024 expenses were affected by the following:

- Public service expenses increased by $132,995, or 22.29% due to grant funded purchases.

- Institutional support decreased by $2,142,870 or -22.72%, primarily due to the College ending admissions to their tuition-waiver programs. The College also implemented budget cuts to areas within institutional support during fiscal year 2024. Decreased personnel costs also contributed to the overall decrease in institutional support expenses.

- Depreciation and amortization expense increased by $525,098, or 31.10%, due to an increase in capitalized property and equipment put into service during fiscal year 2024.

- Student aid decreased by $147,673, or -20.29%, due to a decrease in grant funding received for scholarships for students.

Fiscal year 2023 expenses were affected by the following:

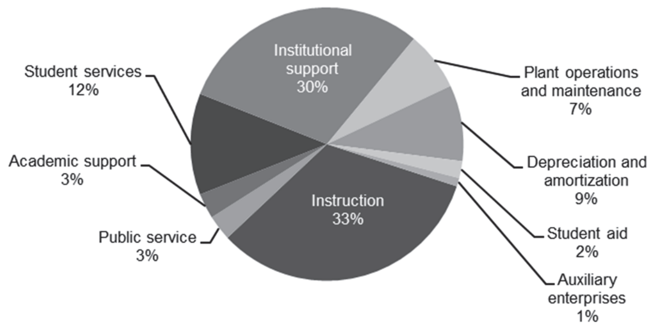
- Instructional spending increased $1,216,966 or 18.24%, primarily due to a positive expense adjustment posted to record pension and OPEB activity and increased personnel costs. These increases in personnel costs impacted all departments campus-wide.
- Student services increased $823,584 or 39.62%, primarily due to a positive expense adjustment posted to record pension and OPEB activity, as well as increased personnel costs. These increases in personnel costs impacted all departments campus-wide.

- Plant operations and maintenance costs increased $313,750 or 22.08%, primarily due to a positive expense adjustment posted to record pension and OPEB activity, as well as increased personnel costs. These increases in personnel costs impacted all departments campus-wide.

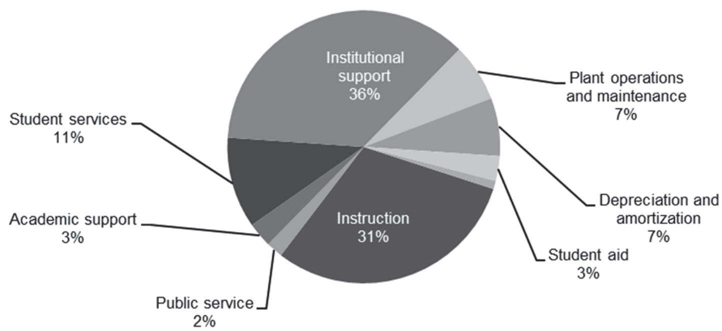
- Student aid spending decreased by $2,542,654 or -77.75%, primarily due to COVID-19 stimulus funding that was awarded directly to students as emergency grants from HEERF in fiscal year 2022. There were no HEERF funds awarded to students in fiscal year 2023.

The following is a graphic illustration of total expenses by function:

**2024 Sources of Expenses**




**2023 Sources of Expenses**




## Nonoperating Revenues and Other Changes

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature and consist primarily of revenue from state appropriations and certain federal grants and contracts.

Fiscal year 2024 nonoperating revenues and other changes were significantly affected by the following factors:

- State appropriations increased $952,559 or 8.32%, from fiscal year 2023 to fiscal year 2024 due to an increase in its share of State of Ohio funding designated for community colleges.

- Other nonoperating revenue (expenses) increased by $311,778, or 240.45%, from fiscal year 2023 to fiscal year 2024 due to increases in gifts and investment income.

- Capital appropriations increased significantly by $1,635,398 or 1,793.26%, from fiscal year 2023 to fiscal year 2024. The increase was caused by the inability to start capital projects due to external factors in 2023. Normal activity resumed during fiscal year 2024.

Fiscal year 2023 nonoperating revenues and other changes were significantly affected by the following factors:

- Federal grants and contracts decreased by $5,267,024 or -60.76%, primarily due to a decrease in federal funding received as a result of COVID-19 stimulus funding, primarily from the HEERF to assist colleges and universities during the COVID-19 Global Pandemic, including funding awarded directly to students. The remaining allocations of the HEERF funds to the college were exhausted in FY 2023.

- State appropriations increased $931,649 or 8.86%, from fiscal year 2022 to fiscal year 2023 due to an increase in its share of State of Ohio funding designated for community colleges.

- Capital appropriations decreased by $558,744 or -85.97%, from fiscal year 2022 to fiscal year 2023. The decrease was caused by the inability to start capital projects due to external factors.

**Statement of Cash Flows**

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

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

**Cash Flows for the Years Ended June 30, 2024, 2023, and 2022**

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Cash (used in) provided by: | | | |
| Operating activities | $ (13,253,014) | $ (14,821,126) | $ (17,909,201) |
| Noncapital financing activities | 16,040,319 | 15,219,443 | 19,304,724 |
| Capital and related fnancing activities | (1,782,706) | (1,813,786) | (2,546,082) |
| Investing activities | (122,377) | 35,539 | 503,871 |
| Net decrease in cash and cash equivalents | 882,222 | (1,379,930) | (646,688) |
| Cash and cash equivalents - beginning of year | 3,039,487 | 4,419,417 | 5,066,105 |
| Cash and cash equivalents - end of year | $ 3,921,709 | $ 3,039,487 | $ 4,419,417 |

The College's cash position increased by $882,222 in fiscal year 2024. The cash balance increased primarily due to budget reductions and a reduction in tuition waiver expenses.

The College's cash position decreased by $1,379,930 in fiscal year 2023. The cash balance decreased primarily due to increased payroll costs, continued tuition waiver expenses, and decreased HEERF funding.

**Capital Assets**

As of June 30, 2024, the College had approximately $50.2 million in capital assets, less accumulated depreciation and amortization of $26.8 million, for a net of $23.4 million invested in capital assets. Depreciation and amortization charges totaled approximately $2.2 million for the current fiscal year.

The net book value of capital assets at June 30, 2024, 2023 and 2022 is as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Land and land improvements | $ 2,333,748 | $ 2,175,900 | $ 2,276,156 |
| Building and improvements | 8,793,170 | 8,887,492 | 8,332,951 |
| Student conference center | 1,754,033 | 1,867,196 | 1,980,360 |
| Center for Excellence | 4,410,590 | 4,569,224 | 4,727,857 |
| Equipment | 2,173,553 | 2,083,901 | 1,186,112 |
| Construction in progress | 1,426,382 | 434,878 | 1,716,134 |
| Right-to-use lease assets | 2,490,280 | 2,121,609 | 2,413,095 |
| Total | $ 23,381,756 | $ 22,140,200 | $ 22,632,665 |

**Net OPEB Asset**

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB),* the College is required to recognize its proportionate share of the net OPEB asset or liability and to more comprehensively measure the annual costs of its postemployment benefits other than pensions related to its participation in the Ohio Public Employee Retirement System (OPERS) and State Teachers Retirement Systems (STRS). At June 30, 2024, the College recognized a net OPEB asset of $1,021,115, as well as, deferred inflows of resources of $778,035 and deferred outflows of resources of $358,221 at June 30, 2024. See Note 8 to the financial statements for more detailed information on OPEB plans.

**Net Pension Liability**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the College is required to recognize its proportionate share of the net pension liability and to more comprehensively measure the annual costs of pension benefits. At June 30, 2024, the College recognized a net pension liability of $16,105,329. In addition, the College recognized deferred inflows of resources of $754,131 and deferred outflows of resources of $4,210,312 at June 30, 2024. See Note 7 to the financial statements for more detailed information on pensions.

**Long-Term Debt**

The College currently has series 2014 refunding bonds that bear interest rates from 1% to 3.5% and mature through fiscal year 2027. Scheduled interest and principal payments have been made on the bonds. The College's bonds are currently rated "Aa2" by Moody's through the State Credit Enhancement Program.

Additionally, the College has lease payables in relation to rented building space. For more detailed information on current outstanding debt and the refunding of the aforementioned bonds in fiscal year 2024, see Note 5 to the financial statements.

**Factors that Will Affect the Future**

**Fiscal Year 2025 and Beyond**

- **Enrollment**
  The College anticipates student enrollment to be flat for fiscal year 2025 based on trend analysis models. The anticipated leveling in enrollment is attributable to changes to the College's tuition waiver that took place in FY 2024. The tuition waiver expense for students still eligible to receive a waiver is expected to be cut in half for fiscal year 2025 when compared to FY 2024.

  Faculty qualifications will impact CCP enrollment for future fiscal years. Changes to faculty qualifications for instructors at the College's partnering high schools will impact high school instructor eligibility to teach courses considered as part of our College Credit Plus courses. The Provost's office is still determining what enrollment and financial impacts this will have on the College, but it is something administration is monitoring.

- **Tuition Rates**
  The College implemented a $5 per credit hour tuition increase for fall semester 2025 in accordance with state law which allowed community colleges in Ohio to increase tuition by an additional $5 per credit hour.

- **State Share of Instruction**
  State Share of Instruction, as appropriated, increased by 7.71% for the upcoming fiscal year. The 7.71% increase is a preliminary estimate of the subsidy to be received pending updated fall semester results and is subject to further change by the State of Ohio.

- **Grant funding**
  The College has experienced a steady increase in grant funding since fiscal year 2021. It is the intent of the College to utilize external grant funding to seize opportunities that would benefit the students and strategic plan of Edison State. Some of the recent grants the College receive involve funding that focus on Reducing Barriers for students, Mental Health, funding for a new Respiratory Care program, and funding to collaborate with United States International University-Africa on workforce development in Kenya. The College intends to continue to explore more opportunities for funding.

- **Expenses**
  The College continues to manage expenses cautiously. Expenses are measured and adjusted with each enrollment milestone. It is the College's intent to align its expenses with the goals and objectives of the College's Strategic Plan.

- **Strategic Staffing Plan**
  The College is currently operating under a strategic staffing plan due to rising payroll and benefit costs. The plan involves open positions that are grouped into four categories. Open positions are strategically analyzed to determine if re-filling a position is necessary and, if so, the priority of re-filling the position.

**Strategic Planning**

The College began work on the 2023-2026 Strategic Plan in Spring 2023. Staff, faculty, students, Trustees, business leaders and the community at large were invited to participate in the process. The plan was finalized and is effective July 1, 2023. It was determined when analyzing our Core Values and College End Goal's that three strategic projects would help us achieve our mission statement: Edison State Community College provides the learning opportunities, support services, and commitment that enable students to complete their educational goals and realize their dreams. The projects are outlined below.
MDA

- **Strategic Project #1: Funding Innovation**

  **Strategic Objective:** To align the college's budget with the strategic plan so that the actions and projects of the plan are prioritized and receive the funding they need to be successful.

  **Actions:**
  1. Invest in employees by providing competitive salaries and benefits.
  2. Fund the development of safe, clean, and modern spaces that promote learning and success.
  3. Support the implementation of a digital transformation plan.
  4. Evaluate enrollment incentives to ensure a high-quality education at an excellent value.
  5. Analyze program viability, textbook affordability, and business operations to ensure an efficient and affordable student learning experience.

- **Strategic Project #2: Supporting Instructional Excellence**

  **Strategic Objective:** To foster instructional excellence, the project will create and implement: 1) academic focused IT training for faculty; 2) a course review rubric; 3) a library (hub) of skill and career-readiness modules with badge credentials system; and 4) a classroom and computer lab innovation and upgrade plan.

  **Actions:**
  1. Publish career readiness curricular modules in support of the Quality Initiative and design a badge credential system for use college-wide.
  2. Facilitate Blackboard training.
  3. Develop and implement a course review rubric referencing Guided Pathways interactive techniques and best practices.
  4. Develop and implement IT academic workshops for full time, adjunct, and CCP faculty.
  5. Create a strategic classroom and computer lab update plan.

- **Strategic Project #3: Demonstrating Value Through Outreach**

  **Strategic Objective:** Edison State's programs and services must be understood and valued by our community to fulfill the vision of the institution as the region's premier resource for higher education. Outreach to potential and current students, alumni, and regional employers is critical to build our reputation with those constituencies and gather feedback that will allow us to continuously improve and meet the needs of our community.

  **Actions:**
  1. Develop and implement promotional materials for every program.
  2. Expand and strengthen advisory committees.
  3. Expand and promote work-based learning.
  4. Establish and maintain graduate data.
  5. Conduct an economic impact study of the college.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

| | College 2024 | College 2023 | College Related Foundation 2024 | College Related Foundation 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 3,507,306 | $ 2,429,551 | $ 174,314 | $ 245,471 |
| Restricted cash and cash equivalents | 272,807 | 557,056 | 65,333 | - |
| Cash with fiscal agent | 141,596 | 52,880 | - | - |
| Investments | 1,832,842 | 965,871 | - | - |
| Accounts and pledges receivable (net) | 2,600,763 | 2,526,338 | 287,479 | 7,486 |
| Prepaid expenses and other | 339,114 | 373,681 | - | - |
| Inventories | 5,473 | 8,157 | - | - |
| Total current assets | 8,699,901 | 6,913,534 | 527,126 | 252,957 |
| Noncurrent Assets | | | | |
| Investments | 1,788,093 | 2,299,556 | 4,025,905 | 3,372,524 |
| Net OPEB asset | 1,021,115 | 954,936 | - | - |
| Capital assets, not being depreciated | 2,110,836 | 1,119,332 | - | - |
| Capital assets, net of depreciation and amortization | 21,270,920 | 21,020,868 | - | - |
| Total noncurrent assets | 26,190,964 | 25,394,692 | 4,025,905 | 3,372,524 |
| Total assets | 34,890,865 | 32,308,226 | 4,553,031 | 3,625,481 |
| **Deferred Outflows of Resources** | | | | |
| OPEB | 358,221 | 666,535 | - | - |
| Pension | 4,210,312 | 5,959,148 | - | - |
| Loss on bond refunding | 39,378 | 55,673 | - | - |
| Total deferred outflows of resources | 4,607,911 | 6,681,356 | - | - |
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accruals | 285,447 | 433,540 | 25,328 | 29,407 |
| Accrued salaries, wages, and benefits | 1,182,202 | 1,223,389 | - | - |
| Claims payable | 159,844 | 203,591 | - | - |
| Unearned revenues | 1,068,837 | 852,841 | - | - |
| Long-term debt, current | 882,026 | 532,036 | - | - |
| Total current liabilities | 3,578,356 | 3,245,397 | 25,328 | 29,407 |
| Noncurrent Liabilities | | | | |
| Accrued compensated absences | 331,234 | 311,408 | - | - |
| Net OPEB liability | - | 196,673 | - | - |
| Net pension liability | 16,105,329 | 17,043,009 | - | - |
| Long-term debt | 2,821,119 | 3,009,339 | - | - |
| Total noncurrent liabilities | 19,257,682 | 20,560,429 | - | - |
| Total liabilities | 22,836,038 | 23,805,826 | 25,328 | 29,407 |
| **Deferred Inflows of Resources** | | | | |
| OPEB | 778,035 | 923,094 | - | - |
| Pension | 754,131 | 836,598 | - | - |
| Total deferred inflows of resources | 1,532,166 | 1,759,692 | - | - |
| **Net Position** | | | | |
| Net investment in capital assets | 20,026,557 | 18,948,301 | - | - |
| Restricted - expendable | 1,047,352 | 1,312,122 | 2,255,029 | 1,691,305 |
| Restricted - nonexpendable | - | - | 238,159 | 238,159 |
| Unrestricted | (5,943,337) | (6,836,359) | 2,034,515 | 1,666,610 |
| Total net position | $ 15,130,572 | $ 13,424,064 | $ 4,527,703 | $ 3,596,074 |

See Notes to Financial Statements

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2024 and 2023

| | College 2024 | College 2023 | College Related Foundation 2024 | College Related Foundation 2023 |
|---|---|---|---|---|
| **Operating revenues** | | | | |
| Student tuition and fees | $ 10,221,348 | $ 10,272,170 | $ - | $ - |
| Less grants and scholarships | (3,586,089) | (3,209,681) | - | - |
| Net student tuition and fees | 6,635,259 | 7,062,489 | - | - |
| Federal grants and contracts | 467,303 | 286,531 | - | - |
| State and local grants and contracts | 929,359 | 239,924 | - | - |
| Auxiliary enterprises - bookstore | 65,100 | 120,309 | - | - |
| Contributions | - | - | 1,054,442 | 465,302 |
| Other operating revenue | 199,802 | 887,715 | - | - |
| Total operating revenues | 8,296,823 | 8,596,968 | 1,054,442 | 465,302 |
| **Operating expenses** | | | | |
| Instruction | 8,137,003 | 7,888,914 | - | - |
| Public service | 729,675 | 596,680 | - | - |
| Academic support | 761,954 | 694,856 | - | - |
| Student services | 2,918,439 | 2,903,107 | - | - |
| Institutional support | 7,288,195 | 9,431,065 | 482,516 | 347,709 |
| Plant operations and maintenance | 1,775,472 | 1,734,746 | - | - |
| Depreciation and amortization | 2,213,726 | 1,688,628 | - | - |
| Student aid | 579,982 | 727,655 | - | - |
| Auxiliary enterprises | 7,000 | 6,950 | - | - |
| Total operating expenses | 24,411,446 | 25,672,601 | 482,516 | 347,709 |
| Operating (loss) income | (16,114,623) | (17,075,633) | 571,926 | 117,593 |
| **Nonoperating revenues (expenses)** | | | | |
| Federal grants and contracts | 3,447,065 | 3,401,175 | - | - |
| State appropriations | 12,396,676 | 11,444,117 | - | - |
| Gifts | 208,324 | 95,049 | - | - |
| Investment income, net of expense | 233,131 | 81,076 | 359,703 | 279,267 |
| Interest expense | (190,650) | (141,107) | - | - |
| Loss on sale of capital assets | (10) | (46,458) | - | - |
| Total nonoperating revenues (expenses) | 16,094,536 | 14,833,852 | 359,703 | 279,267 |
| Income (loss) before other changes | (20,087) | (2,241,781) | 931,629 | 396,860 |
| **Other changes** | | | | |
| Capital appropriations | 1,726,595 | 91,197 | - | - |
| Total other changes | 1,726,595 | 91,197 | - | - |
| Change in net position | 1,706,508 | (2,150,584) | 931,629 | 396,860 |
| Net position at beginning of year | 13,424,064 | 15,574,648 | 3,596,074 | 3,199,214 |
| Net position at end of year | $ 15,130,572 | $ 13,424,064 | $ 4,527,703 | $ 3,596,074 |

See Notes to Financial Statements

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Student tuition and fees | $ 6,545,822 | $ 6,708,047 |
| Grants and contracts | 1,639,416 | 753,724 |
| Payments to vendors and employees | (21,703,154) | (23,290,921) |
| Auxiliary enterprises | 65,100 | 120,309 |
| Other receipts | 199,802 | 887,715 |
| Net cash used in operating activities | (13,253,014) | (14,821,126) |
| **Cash flows from noncapital financing activities** | | |
| State appropriations | 12,396,676 | 11,444,117 |
| Federal grants and contracts | 3,435,319 | 3,680,277 |
| Gifts | 208,324 | 95,049 |
| Net cash from noncapital financing activities | 16,040,319 | 15,219,443 |
| **Cash flows from capital and related financing activities** | | |
| Purchases of capital assets | (779,223) | (1,186,063) |
| Proceeds from sale of capital assets | - | 6,500 |
| Interest paid on outstanding debt | (183,377) | (123,824) |
| Principal paid on outstanding debt | (820,106) | (510,399) |
| Net cash used in capital and related financing activities | (1,782,706) | (1,813,786) |
| **Cash flows from investing activities** | | |
| Proceeds from maturities of investments | 318,803 | 1,361,305 |
| Purchase of investments | (493,803) | (1,359,428) |
| Interest on investments | 52,623 | 33,662 |
| Net cash (used in) from investing activities | (122,377) | 35,539 |
| Net increase (decrease) in cash and cash equivalents | 882,222 | (1,379,930) |
| Cash and cash equivalents, beginning of year | 3,039,487 | 4,419,417 |
| **Cash and cash equivalents, end of year** | $ 3,921,709 | $ 3,039,487 |
| | | |
| Reconciliation of cash and cash equivalents to the Statements of Net Position: | | |
| Cash and cash equivalents | $ 3,507,306 | $ 2,429,551 |
| Cash with fiscal agent | 141,596 | 52,880 |
| Restricted cash and cash equivalents | 272,807 | 557,056 |
| | $ 3,921,709 | $ 3,039,487 |

(continued)

See Notes to Financial Statements

| | 2024 | 2023 |
|---|---|---|
| **Reconciliation of operating loss to net cash used in operating activities:** | | |
| Operating loss | $ (16,114,623) | $ (17,075,633) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | 2,213,726 | 1,688,628 |
| Other miscellaneous adjustments | 40,761 | 28,139 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | |
| Accounts receivable | (62,679) | (124,195) |
| Inventories | 2,684 | (3,353) |
| Prepaid expenses and other | 34,567 | (40,075) |
| Net OPEB asset | (66,179) | 751,752 |
| Deferred outflows of resources - pension/OPEB | 2,057,150 | (3,027,306) |
| Accounts payable and accruals | (147,430) | 36,655 |
| Accrued salaries, wages, and benefits | (21,361) | 39,299 |
| Claims payable | (43,747) | (8,871) |
| Net OPEB liability | (196,673) | 196,673 |
| Net pension liability | (937,680) | 9,969,696 |
| Deferred inflows of resources - pension/OPEB | (227,526) | (7,249,557) |
| Unearned revenues | 215,996 | (2,978) |
| Net cash used in operating activities | $ (13,253,014) | $ (14,821,126) |

**Noncash investing, capital, and financing activities:**

During the fiscal years ended June 30, 2024 and 2023, the College acquired $1,685,834 and $63,058, respectively, in capital assets that were funded through State Capital Appropriations. Additionally, during the fiscal years ended June 30, 2024 and 2023, the College received $40,761 and $28,139, respectively of State Capital Appropriations that did not meet the College's capitalization threshold. The College received no cash for these appropriations and made no cash payments to vendors as the State of Ohio made payments directly to vendors.

During the fiscal year ended June 30, 2024, the College acquired assets through the assumption of a liability as the College entered into a SBITA agreement for $990,235 for an ERP system.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Edison State Community College (the "College") was chartered in 1973 under provisions of the Ohio Revised Code as the first State General and Technical College in Ohio. The College thus emerged without special local taxation as a two-year, public, co-educational, state-supported institution of higher learning. The College is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. Under its charter, the College is authorized to offer studies in the Arts and Sciences, Technical Education, and Adult Technical Education. The College, which is a component unit of the State of Ohio, is governed by a nine-member Board of Trustees. These members are appointed by the Governor of the State of Ohio.

Accrual Accounting: The accompanying financial statements have been prepared on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenditures are recognized when the related liabilities are incurred.

Financial Statements: The College reports as "business-type activities," as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The College has determined that the Edison Foundation, Inc. is a component unit of the College. The financial activity of the Foundation is included through a discrete presentation as part of the College's financial statements. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Net Position Classifications: The College's resources are classified into the following net asset categories:

*Net investment in Capital Assets*. Capitalized physical assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

*Restricted - Expendable*. Assets related to grants, contributions, and contracts activity, whose use is subject to externally imposed restrictions.

*Restricted - Nonexpendable*. Net assets represent endowment contributions from donors that are permanently restricted as to principal.

*Unrestricted.* Net assets that are not subject to externally imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees. Substantially all of the College's unrestricted assets are designated for future uses or contingencies.

Operating Versus Nonoperating Revenues and Expenses: The College defines operating activities as reported on the statement of revenues, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the College's expenses are from exchange transactions. Certain significant revenue streams relied on for operations as well as Pell grants, which are included in nonoperating federal grants and contracts on the statement of revenues, expenses, and changes in net position, are reported as non-operating revenue as required by GASB Statement No. 35 and updates in the GASB's *Implementation Guide*, including state appropriations, investment income, and federal grants and contracts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents: For the purpose of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand, demand deposits with banks, and highly liquid investments that mature in less than one year, stated at cost, which approximates fair value. All certificates of deposit are included in investments on the statement of net position.

The restricted cash and cash equivalents on the statement of net position consists of Capital Campaign funds and funds to be used toward the debt service payments on the Series 2014 bonds. These funds were raised by the Edison Foundation and transferred to the College to be held until used for debt service.

Accounts Receivable: Accounts receivable primarily consist of tuition and fees charged to students. Accounts receivable also include amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Allowance is determined based on historical analysis.

Unearned Revenue: Unearned revenue consists of the unearned portion of student tuition and fees for the summer session, and all of the recorded student tuition and fees collected resulting from early registration for the fall session. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Investments: The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenue, expenses, and changes in net position.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted accordingly. Capital assets, with the exception of land and construction in progress, are depreciated on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 10 - 40 years |
| Student conference center | 3 - 45 years |
| Center for excellence | 45 years |
| Internally developed software | 5 years |
| Equipment and fixtures | 3 - 20 years |

The College's capitalization limit for equipment and furniture and fixtures is $5,000.

Leases:
The College leases building space from external parties (lessee arrangements). These leases are accounted and reported in accordance with GASB Statement No. 87, *Leases*. For lessee arrangements, the College records Right-of-Use Lease Assets and Lease Payables based on the present value of expected payments over the term of the respective leases. The lease term may include options to extend or terminate the lease, if it is reasonably certain the option will be exercised. The expected payments are discounted using the interest rate charged in the lease, if available, and are otherwise discounted using the College's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. Contracts that transfer ownership of the underlying asset(s) to the College by the end of the contract are recorded as financed purchases.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The College does not have any leases subject to a residual value guarantee. The College's capitalization threshold for both lessee and lessor arrangements is total payments of $350,000 or higher over the term of the respective lease. Right-of-Use Lease Assets are amortized over the shorter of the lease term or the underlying asset useful life.

Subscription-Based Information Technology Arrangements: 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. The College capitalizes individual SBITAs that are considered to be material, or groups of arrangements that are considered to be material when aggregated. Right-of-use assets -SBITAs are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Grants and Scholarships: Student tuition and fees and bookstore revenue are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program. Payments made directly to students from grants and scholarships are presented as student aid.

Compensated Absences: Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the applicable accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for an estimate of the amount of accumulated sick leave benefits that will be paid out upon an employee's eligible retirement.

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 7 and 8.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 7 and 8)

Use of Estimates: The preparation of the 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements: For the fiscal year ended June 30, 2024, the College implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB 62.*

GASB Statement No. 100 enhances 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. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements:

The College is currently evaluating the impact that the following GASB Statements, effective for fiscal year 2025, may have on its financial statements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

**NOTE 2 - CASH AND INVESTMENTS**

The College's Board of Trustees is responsible for establishing deposit and investment policies. Once established, the Board has delegated the day-to-day management to the Controller of the College. Deposit and investment policies are developed to ensure compliance with state laws and regulations as well as to establish and maintain sound financial management practices. In accordance with the State of Ohio's and the College's policy, the College is authorized to invest cash in certificates of deposit, repurchase agreements, United States Treasury securities, federal government agency securities backed by the full faith of the government, municipal securities, and the State Treasurer's investment pool.

Cash with Fiscal Agent: The College is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2024 and 2023 was $141,596 and $52,880, respectively. This amount is not included in the "cash and cash equivalents" or "investments" reported below.

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

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

At June 30, 2024 and 2023, the carrying amount of the College's cash and cash equivalents was $3,780,113 and $2,986,607 and the bank balances were $4,107,801 and $3,291,488, all respectively, that are placed with federally insured banks. Of the June 30, 2024 and 2023 bank balances, $533,263 and $1,022,309, respectively, are covered by federal deposit insurance. The remaining balances of cash and cash equivalents are collateralized by the depository institution per Ohio Revised Code 135.182 or by a pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State (OPCS program).

Investments: At June 30, 2024 and 2023, the College had amounts on deposit with STAR Ohio, with a fair value of $14,428 and $13,657, 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 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.

Investments are stated at their fair value of $3,620,935 and $3,265,427 at June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the College had the following investments and maturities:

| | | **June 30, 2024** | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in Years) | | | |
| | Credit Rating | Measurement Value | 0 to 1 | 2 to 3 | 4 to 5 |
| Money market fund | N/A | $ 903,476 | $ 903,476 | $ - | $ - |
| Negotiable certificates of deposit | (1) | 1,227,811 | 177,391 | 385,908 | 664,512 |
| U.S. Treasury notes | N/A | 737,143 | 491,645 | 245,498 | - |
| U.S. agency securities | AA+ | 738,077 | 245,902 | 246,985 | 245,190 |
| Star Ohio | AAAm | 14,428 | 14,428 | - | - |
| | | $ 3,620,935 | $ 1,832,842 | $ 878,391 | $ 909,702 |

Credit Rating per Standard & Poor's/Moody's
(1) - all are fully insured by FDIC

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

| | | June 30, 2023 | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in Years) | | | |
| | Credit Rating | Measurement Value | 0 to 1 | 2 to 3 | 4 to 5 |
| Money market fund | N/A | $ 576,594 | $ 576,594 | $ - | $ - |
| Negotiable certificates of deposit | (1) | 985,371 | 131,587 | 381,363 | 472,421 |
| U.S. Treasury notes | N/A | 965,770 | 244,033 | 721,737 | - |
| U.S. agency securities | AA+ | 724,035 | - | 241,525 | 482,510 |
| Star Ohio | AAAm | 13,657 | 13,657 | - | - |
| | | $ 3,265,427 | $ 965,871 | $ 1,344,625 | $ 954,931 |

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

The following tables present information about the College's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the College to determine those fair values.

| | Fair Value Measurements at June 30, 2024 | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Money market fund | $ 903,476 | $ - | $ - |
| Negotiable certificates of deposit | 1,227,811 | - | - |
| U.S. Treasury notes | 737,143 | - | - |
| U.S. agency securities | 738,077 | - | - |
| Total | $ 3,606,507 | $ - | $ - |

| | Fair Value Measurements at June 30, 2023 | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Money market fund | $ 576,594 | $ - | $ - |
| Negotiable certificates of deposit | 985,371 | - | - |
| U.S. Treasury notes | 965,770 | - | - |
| U.S. agency securities | 724,035 | - | - |
| Total | $ 3,251,770 | $ - | $ - |

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value. The College has investments that are valued using Level 1 inputs, which are obtained directly from investment statements prepared by the institution holding the investments.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets or non-active markets (markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which there is little information released to the public). An example of a Level 2 input would be a price quote from a brokered market.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. However, the fair value measurement objective remains the same as it would for Level 1 and 2 inputs, in that it is based on an exit price from the perspective of a market participant that holds the asset or liability. In addition, Level 3 inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Net realized and unrealized gains on investments were $233,131 and $81,076 for the years ended June 30, 2024 and 2023, respectively. There were no capital gains distributions in either year.

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

**NOTE 3 - ACCOUNTS RECEIVABLE**

Receivables at June 30, 2024 and 2023 consist of billings for student fees and receivables arising from grants and are summarized as follows:

| | 2024 | 2023 |
|---|---|---|
| Student charges | $ 669,347 | $ 542,602 |
| College Credit Plus program | 1,567,956 | 1,458,278 |
| Federal grants and contracts | 314,973 | 295,635 |
| Other | 293,174 | 358,431 |
| Allowance for doubtful accounts | (244,687) | (128,608) |
| Total | $ 2,600,763 | $ 2,526,338 |

## NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the capital assets and related accumulated depreciation during the 2024 and 2023 fiscal years:

| | Balance June 30, 2023 | Additions | Retirements/ Completed CIP | Balance June 30, 2024 |
|---|---|---|---|---|
| Nondepreciable capital assets: | | | | |
| Land | $ 684,454 | $ - | $ - | $ 684,454 |
| Construction in progress | 434,878 | 1,019,644 | (28,140) | 1,426,382 |
| Total nondepreciable capital assets | 1,119,332 | 1,019,644 | (28,140) | 2,110,836 |
| Depreciable capital assets: | | | | |
| Land improvements | 2,311,879 | 270,502 | - | 2,582,381 |
| Buildings and improvements | 20,994,358 | 453,884 | (14,937) | 21,433,305 |
| Student conference center | 6,171,987 | - | - | 6,171,987 |
| Center for Excellence | 7,138,503 | - | - | 7,138,503 |
| Equipment | 6,079,257 | 749,167 | (321,368) | 6,507,056 |
| Internally developed software | 227,055 | - | - | 227,055 |
| Total depreciable capital assets | 42,923,039 | 1,473,553 | (336,305) | 44,060,287 |
| Less accumulated depreciation: | | | | |
| Land improvements | 820,433 | 112,654 | - | 933,087 |
| Buildings and improvements | 12,106,866 | 548,206 | (14,937) | 12,640,135 |
| Student conference center | 4,304,791 | 113,163 | - | 4,417,954 |
| Center for Excellence | 2,569,279 | 158,634 | - | 2,727,913 |
| Equipment | 3,995,356 | 659,505 | (321,358) | 4,333,503 |
| Internally developed software | 227,055 | - | - | 227,055 |
| Total accumulated depreciation | 24,023,780 | 1,592,162 | (336,295) | 25,279,647 |
| Total depreciable capital assets - net | 18,899,259 | (118,609) | (10) | 18,780,640 |
| Right-to-use assets: | | | | |
| Building Space | 3,034,389 | - | - | 3,034,389 |
| Subscription Assets | - | 990,235 | - | 990,235 |
| Total amortizable right-to-use assets | 3,034,389 | 990,235 | - | 4,024,624 |
| Less accumulated amortization: | | | | |
| Building Space | 912,780 | 291,486 | - | 1,204,266 |
| Subscription Assets | - | 330,078 | - | 330,078 |
| Total accumulated amortization | 912,780 | 621,564 | - | 1,534,344 |
| Total right-to-use assets - net | 2,121,609 | 368,671 | - | 2,490,280 |
| Capital assets - Net | $ 22,140,200 | $ 1,269,706 | $ (28,150) | $ 23,381,756 |

Construction in progress represents the cost of work performed on the Nursing Suite, Emerson Center-Library Renovations, new website, Convocation Center, Kitchen Area Phase II, North Hall window replacements, South Hall classroom renovations, and West Hall HCAV upgrades through June 30, 2024, including amounts invoiced but not yet paid. Remaining commitments for work yet to be completed totaled $446,561 at June 30, 2024.

**NOTE 4 - CAPITAL ASSETS** (Continued)

| | Balance June 30, 2022 | Additions | Retirements/ Completed CIP | Balance June 30, 2023 |
|---|---|---|---|---|
| Nondepreciable capital assets: | | | | |
| Land | $ 684,454 | $ - | $ - | $ 684,454 |
| Construction in progress | 1,716,134 | 434,877 | (1,716,133) | 434,878 |
| Total nondepreciable capital assets | 2,400,588 | 434,877 | (1,716,133) | 1,119,332 |
| Depreciable capital assets: | | | | |
| Land improvements | 2,311,879 | - | - | 2,311,879 |
| Buildings and improvements | 19,897,589 | 1,096,769 | - | 20,994,358 |
| Student conference center | 6,171,987 | - | - | 6,171,987 |
| Center for Excellence | 7,138,503 | - | - | 7,138,503 |
| Equipment | 4,840,717 | 1,433,607 | (195,067) | 6,079,257 |
| Internally developed software | 227,055 | - | - | 227,055 |
| Total depreciable capital assets | 40,587,730 | 2,530,376 | (195,067) | 42,923,039 |
| Less accumulated depreciation: | | | | |
| Land improvements | 720,177 | 100,256 | - | 820,433 |
| Buildings and improvements | 11,564,638 | 542,228 | - | 12,106,866 |
| Student conference center | 4,191,627 | 113,164 | - | 4,304,791 |
| Center for Excellence | 2,410,646 | 158,633 | - | 2,569,279 |
| Equipment | 3,654,605 | 482,861 | (142,110) | 3,995,356 |
| Internally developed software | 227,055 | - | - | 227,055 |
| Total accumulated depreciation | 22,768,748 | 1,397,142 | (142,110) | 24,023,780 |
| Total depreciable capital assets - net | 17,818,982 | 1,133,234 | (52,957) | 18,899,259 |
| Right-to-use assets: | | | | |
| Building Space | 3,034,389 | - | - | 3,034,389 |
| Total amortizable right-to-use assets | 3,034,389 | - | - | 3,034,389 |
| Less accumulated amortization: | | | | |
| Building Space | 621,294 | 291,486 | - | 912,780 |
| Total accumulated amortization | 621,294 | 291,486 | - | 912,780 |
| Total right-to-use assets - net | 2,413,095 | (291,486) | - | 2,121,609 |
| Capital assets - Net | $ 22,632,665 | $ 1,276,625 | $ (1,769,090) | $ 22,140,200 |

Construction in progress represents the cost of work performed on the nursing suite, library furniture, Market C- kitchen renovation, and East Hall Renovation for the Criminal Justice program through June 30, 2023, including amounts invoiced but not yet paid. Remaining commitments for work yet to be completed totaled $400,561 at June 30, 2023.

## NOTE 5 - NONCURRENT LIABILITIES

Noncurrent liabilities as of June 30, 2024 and 2023 are summarized as follows:

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Current Portion | Noncurrent Portion |
| Bond obligations | $ 1,105,000 | $ - | $ 265,000 | $ 840,000 | $ 270,000 | $ 570,000 |
| Unamortized bond premium | 28,559 | - | 8,359 | 20,200 | - | 20,200 |
| Leases & SBITAs | 2,407,816 | 990,235 | 555,106 | 2,842,945 | 612,026 | 2,230,919 |
| Total | 3,541,375 | 990,235 | 828,465 | 3,703,145 | 882,026 | 2,821,119 |
| Net OPEB liability | 196,673 | - | 196,673 | - | - | - |
| Net pension liability | 17,043,009 | - | 937,680 | 16,105,329 | - | 16,105,329 |
| Compensated absences | 853,398 | 39,882 | 20,056 | 873,224 | 541,990 | 331,234 |
| Total | $ 21,634,455 | $ 1,030,117 | $ 1,982,874 | $ 20,681,698 | $ 1,424,016 | $ 19,257,682 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Balance June 30, 2022 | Additions | Reductions | Balance June 30, 2023 | Current Portion | Noncurrent Portion |
| Bond obligations | $ 1,365,000 | $ - | $ 260,000 | $ 1,105,000 | $ 265,000 | $ 840,000 |
| Unamortized bond premium | 36,918 | - | 8,359 | 28,559 | - | 28,559 |
| Leases & SBITAs | 2,658,215 | - | 250,399 | 2,407,816 | 267,036 | 2,140,780 |
| Total | 4,060,133 | - | 518,758 | 3,541,375 | 532,036 | 3,009,339 |
| Net OPEB liability | - | 196,673 | - | 196,673 | - | 196,673 |
| Net pension liability | 7,073,313 | 9,969,696 | - | 17,043,009 | - | 17,043,009 |
| Compensated absences | 849,888 | 65,597 | 62,087 | 853,398 | 541,990 | 311,408 |
| Total | $ 11,983,334 | $ 10,231,966 | $ 580,845 | $ 21,634,455 | $ 1,074,026 | $ 20,560,429 |

Bond Obligations: During the year ended June 30, 2007, the College issued General Receipts Bonds, series 2006 for $4,060,000 that bear interest at rates between 4.0% to 5.0% and that mature in 2027. Proceeds were used for paying construction costs of the Emerson Center. The bonds are collateralized by a pledge of general receipts of the College.

In September 2014, the College issued $2,860,000 of General Receipts Refunding Bonds, Series 2014 with an average interest rate of 2.37 percent, a portion of which was used to advance refund $2,670,000 outstanding General Receipts Bonds, Series 2006 with an average interest rate of 4.75 percent.

The annual debt service requirements to maturity for the bonds payable as of June 20, 2024 are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 270,000 | $ 23,300 | $ 293,300 |
| 2026 | 280,000 | 14,700 | 294,700 |
| 2027 | 290,000 | 5,075 | 295,075 |
| Total | $ 840,000 | $ 43,075 | $ 883,075 |

In addition to the debt service payments presented above, the College recognized bond premiums of $102,396 which are amortized on a straight line basis over the remaining lives of the bonds. Unamortized bond premiums at June 30, 2024 and 2023 are $20,200 and $28,559, respectively.

**NOTE 5 - NONCURRENT LIABILITIES** (Continued)

Leases - College as a lessee: The College, as a lessee, has entered into lease agreements involving renting building space for the Greenville and Troy Campuses. The building rent for the Greenville and Troy campuses have been deemed significant by management. The College reported right-of-use lease assets of $3,034,389 related to the agreements. Accumulated amortization of these assets was $1,204,266 and $912,780 at June 30, 2024 and 2023, respectively.

SBITAs The College, as a lessee, has entered into a SBITA agreement involving the College's Enterprise Resource Planning (ERP) system. The Ellucian Colleague software for all campuses had been deemed significant by management. The College reported a right-of-use lease asset of $660,157 net of accumulated amortization of $330,078, related to the agreement at June 30, 2024.

The future lease payments under the lease and SBITA agreements are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 612,026 | $ 121,142 | $ 733,168 |
| 2026 | 674,892 | 88,587 | 763,479 |
| 2027 | 319,295 | 52,359 | 371,654 |
| 2028 | 240,659 | 41,716 | 282,375 |
| 2029 | 225,519 | 33,413 | 258,932 |
| 2030-2032 | 770,554 | 45,827 | 816,381 |
| Total | $ 2,842,945 | $ 383,044 | $ 3,225,989 |

Accrued Compensated Absences: The College provides vacation benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues unused sick days for those employees who have met the conditions of the plan at year end.

**NOTE 6 - STATE SUPPORT**

The College is a State-assisted institution of higher education which receives a student-based subsidy determined annually using a formula devised by the Ohio Board of Regents.

In addition to the student subsidies, the State of Ohio provides the funding for construction and renovation of major plant facilities on the College campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn provides for the construction and renovation of the facility by the Ohio Board of Regents. Upon completion of a construction project, the Board of Regents turns over control to the College which capitalizes the cost. Renovations are capitalized in the period incurred.

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

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

**NOTE 7 - 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 statements 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 manner in which pensions are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension.

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

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

**Plan Description - State Teachers Retirement System (STRS):**

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

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

**NOTE 7 - RETIREMENT PLANS** (Continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to July 1, 2028, any member can retire with unreduced benefits with 34 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 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2028, any member can retire with unreduced benefits with 35 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 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% 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 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member’s DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**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, 2024 and 2023, 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 2024 and 2023 contribution rates were equal to the statutory maximum rates.

**NOTE 7 - RETIREMENT PLANS** (Continued)

The College's contractually required contributions to STRS was $731,221 and $701,343 for fiscal year 2024 and 2023, respectively. Of this amount, $37,740 and $37,028 is reported in *accrued salaries, wages, and benefits* for fiscal year 2024 and 2023, 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. In October 2023, the legislature approved House Bill 33, which allows for the consolidation at the discretion of the OPERS Board. While members (e.g., College employees) may have elected the member-directed plan or 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.

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**<br>Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | **Group B**<br>20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | **Group C**<br>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:*<br>Age 60 with 5 years of service credit or Age 55 with 25 years of service credit | *Age and Service Requirements:*<br>Age 60 with 5 years of service credit or Age 55 with 25 years of service credit | *Age and Service Requirements:*<br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| *Formula:*<br>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:*<br>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:*<br>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 who retired prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring on or after 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%.

**NOTE 7 - RETIREMENT PLANS** (Continued)

**Funding Policy –** The ORC provides statutory authority for member and employer contributions. For fiscal year 2024 and 2023, 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 $777,673 and $794,673 for fiscal year 2024 and 2023, respectively. Of this amount, $64,789 and $69,537 is reported in *accrued salaries, wages, and benefits* for fiscal year 2024 and 2023, 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, 2024 was measured as of June 30, 2023 for the STRS plan and December 31, 2023 for the OPERS plan. 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 total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities. The following is information related to the College's proportionate share, pension expense, and deferred inflows and outflows reported for fiscal years 2024 and 2023:

| Fiscal Year 2024 | STRS | OPERS | Total |
|---|---|---|---|
| **Proportionate Share of the Net Pension Liability** | $ 8,114,071 | $ 7,991,258 | $ 16,105,329 |
| **Proportion of the Net Pension Liability** | 0.0376786% | 0.0305238% | |
| **Change in Proportion** | 0.0007990% | 0.0005827% | |
| **Pension Expense** | $ 781,142 | $ 1,017,194 | $ 1,798,336 |
| **Deferred Outflows of Resources** | | | |
| Differences between expected and actual experience | $ 295,822 | $ 130,610 | $ 426,432 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,612,977 | 1,612,977 |
| Change in assumptions | 668,238 | - | 668,238 |
| Change in College's proportionate share and difference in employer contributions | 407,858 | 25,160 | 433,018 |
| College contributions subsequent to the measurement date | 731,221 | 338,426 | 1,069,647 |
| | $ 2,103,139 | $ 2,107,173 | $ 4,210,312 |
| **Deferred Inflows of Resources** | | | |
| Differences between expected and actual experience | $ (18,005) | $ - | $ (18,005) |
| Net difference between projected and actual earnings on pension plan investments | (24,318) | - | (24,318) |
| Change in assumptions | (502,990) | - | (502,990) |
| Change in the College's proportionate share and difference in employer contributions | (28,327) | (180,491) | (208,818) |
| | $ (573,640) | $ (180,491) | $ (754,131) |

**NOTE 7 - RETIREMENT PLANS** (Continued)

| Fiscal Year 2023 | STRS | OPERS | Total |
|---|---|---|---|
| **Proportionate Share of the Net Pension Liability** | $ 8,198,386 | $ 8,844,623 | $ 17,043,009 |
| **Proportion of the Net Pension Liability** | 0.0368796% | 0.0299411% | |
| **Change in Proportion** | 0.0018954% | 0.0000543% | |
| **Pension Expense** | $ 975,756 | $ 1,227,248 | $ 2,203,004 |
| **Deferred Outflows of Resources** | | | |
| Differences between expected and actual experience | $ 104,950 | $ 293,781 | $ 398,731 |
| Net difference between projected and actual earnings on pension plan investments | 285,287 | 2,520,997 | 2,806,284 |
| Change in assumptions | 981,102 | 93,437 | 1,074,539 |
| Change in College's proportionate share and difference in employer contributions | 427,651 | 150,672 | 578,323 |
| College contributions subsequent to the measurement date | 701,343 | 399,928 | 1,101,271 |
| | $ 2,500,333 | $ 3,458,815 | $ 5,959,148 |
| **Deferred Inflows of Resources** | | | |
| Differences between expected and actual experience | $ (31,362) | $ - | $ (31,362) |
| Change in assumptions | (738,486) | - | (738,486) |
| Change in the College's proportionate share and difference in employer contributions | (66,750) | - | (66,750) |
| | $ (836,598) | $ - | $ (836,598) |

$1,069,647 reported as deferred outflows of resources related to pension at June 30, 2024 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, 2025. 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 |
|---|---|---|---|
| 2025 | $ 73,734 | $ 302,491 | $ 376,225 |
| 2026 | (99,274) | 486,136 | 386,862 |
| 2027 | 836,640 | 1,029,311 | 1,865,951 |
| 2028 | (12,822) | (229,682) | (242,504) |
| | $ 798,278 | $ 1,588,256 | $ 2,386,534 |

**NOTE 7 - RETIREMENT PLANS** (Continued)

**Actuarial Assumptions – STRS**

The total pension liability in the June 30, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

For healthy retirees, the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

** Final target weights reflected at 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 7 - RETIREMENT PLANS** (Continued)

**Discount Rate –** The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023 and 2022.

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Fiscal Year 2024 | | | |
| College's proportionate share of the net pension liability | $12,477,644 | $ 8,114,071 | $ 4,423,681 |
| Fiscal Year 2023 | | | |
| College's proportionate share of the net pension liability | $12,384,777 | $ 8,198,386 | $ 4,657,996 |

**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, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Valuation Date | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Wage inflation | 2.75% | 2.75% |
| Future salary increases (including inflation) | 2.75% to 10.75% | 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 2024, then 2.05% simple | 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% | 6.90% |
| Actuarial cost method | Individual entry age | Individual entry age |

**NOTE 7 - 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. 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 2023 and 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care 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 gain of 11.2% for 2023 and a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined 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 geometric 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, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| 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 | 24.00% | 2.85% | 22.00% | 2.62% |
| Domestic Equities | 21.00% | 4.27% | 22.00% | 4.60% |
| Real Estate | 13.00% | 4.46% | 13.00% | 3.27% |
| Private Equity | 15.00% | 7.52% | 15.00% | 7.53% |
| International Equities | 20.00% | 5.16% | 21.00% | 5.51% |
| Risk Parity | 2.00% | 4.38% | 2.00% | 4.37% |
| Other Investments | 5.00% | 3.46% | 5.00% | 3.27% |
| Total | 100.00% | | 100.00% | |

**NOTE 7 - 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 December 31, 2023 and 2022. 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 December 31, 2023 and 2022.

**Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –** The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate 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 2024 | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Decrease (7.90%) |
|---|---|---|---|
| College's proportionate share of the net pension liability | $12,580,584 | $ 7,991,258 | $ 4,174,501 |

| 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 | $13,248,950 | $ 8,844,623 | $ 5,181,013 |

**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. The College contributes 9.5% of a participating faculty member's compensation and 11.56% of participating non-faculty member's compensation to the participant's account. The College is also required to contribute an additional 4.47% of employees' covered compensation to STRS and 2.44% of employees' covered compensation to OPERS. Plan participants' contributions to ARP plan providers were $113,057 and $117,977 and the College contributions to the Plan providers amounted to $104,456 and $114,276, respectively, for the years ended June 30, 2024 and 2023, respectively. In addition, the amounts contributed to STRS and OPERS by the College on behalf of ARP participants were $24,134 and $25,997, for the years ended June 30, 2024 and 2023, 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 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

**Net OPEB Liability (Asset):**

The net OPEB liability (asset) reported on the statements 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 each fiscal year is included in *accrued salaries, wages, and benefits*.

**Plan Description - State Teachers Retirement System (STRS):**

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

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

**Funding Policy –** Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

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, 2024 and 2023, no employer allocation was made to the health care fund.

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

**Plan Description –** 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. Effective January 1, 2022, the combined plan is no longer available for member selection. In October 2023, the legislature approved House Bill 33 which allows for the consolidation of the combined plan with the traditional pension plan with the timing of the consolidation at the discretion of OPERS.

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.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024 and 2023, 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 years 2024 and 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.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

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 2024 and 2023, as recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0% for the traditional pension plan and 2% for the combined plan. The employer contribution as a percentage of covered payroll deposited for member-directed plan participants was 4%.

**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, 2023 and 2022, 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, 2022 and 2021, rolled forward to the measurement date of December 31, 2023 and 2022, 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.

| Fiscal Year 2024 | STRS | OPERS | Total |
|---|---|---|---|
| **Proportionate Share of the Net OPEB Liability (Asset)** | $ (732,796) | $ (288,319) | $ (1,021,115) |
| **Proportion of the Net OPEB Liability (Asset)** | 0.0376786% | 0.0319459% | |
| **Change in Proportion** | 0.0007990% | 0.0007536% | |
| **OPEB Expense (Negative)** | $ (59,569) | $ (40,028) | $ (99,597) |
| **Deferred Outflows of Resources** | | | |
| Differences between expected and actual experience | $ 1,142 | $ - | $ 1,142 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,307 | 173,153 | 174,460 |
| Change in assumptions | 107,951 | 74,228 | 182,179 |
| Difference between employer contributions and proportionate share of contributions | 440 | - | 440 |
| | $ 110,840 | $ 247,381 | $ 358,221 |
| **Deferred Inflows of Resources** | | | |
| Differences between expected and actual experience | $ (111,769) | $ (41,037) | $ (152,806) |
| Change in assumptions | (483,489) | (123,940) | (607,429) |
| Difference between employer contributions and proportionate share of contributions | (11,958) | (5,842) | (17,800) |
| | $ (607,216) | $ (170,819) | $ (778,035) |

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

| **Fiscal Year 2023** | STRS | OPERS | Total |
|---|---|---|---|
| **Proportionate Share of the Net** | | | |
| **OPEB Liability (Asset)** | $ (954,936) | $ 196,673 | $ (758,263) |
| **Proportion of the Net OPEB Liability (Asset** | 0.0368796% | 0.0311923% | |
| **Change in Proportion** | 0.0018954% | 0.0002526% | |
| **OPEB Expense (Negative)** | $ (193,522) | $ (266,953) | (460,475) |
| **Deferred Outflows of Resources** | | | |
| Differences between expected and | | | |
| actual experience | $ 13,843 | $ - | $ 13,843 |
| Net difference between projected and actual | | | |
| earnings on OPEB plan investments | 16,623 | 390,600 | 407,223 |
| Change in assumptions | 40,676 | 192,096 | 232,772 |
| Difference between employer contributions and | | | |
| proportionate share of contributions | 550 | 12,147 | 12,697 |
| | $ 71,692 | $ 594,843 | $ 666,535 |
| **Deferred Inflows of Resources** | | | |
| Differences between expected and actual | | | |
| experience | $ (143,412) | $ (49,058) | $ (192,470) |
| Change in assumptions | (677,143) | (15,806) | (692,949) |
| Difference between employer contributions and | | | |
| proportionate share of contributions | (29,222) | (8,453) | (37,675) |
| | $ (849,777) | $ (73,317) | $ (923,094) |

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 |
|---|---|---|---|
| 2025 | $ (221,839) | $ (12,210) | $ (234,049) |
| 2026 | (99,683) | 12,455 | (87,228) |
| 2027 | (38,422) | 134,784 | 96,362 |
| 2028 | (51,739) | (58,467) | (110,206) |
| 2029 | (47,550) | - | (47,550) |
| 2030 | (37,143) | - | (37,143) |
| | $ (496,376) | $ 76,562 | $ (419,814) |

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Actuarial Assumptions – STRS:**

The total OPEB liability in the June 30, 2023 and 2022 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Salary increases | Varies by service from 2.5% to 8.5% |
| Payroll increases | 3.0% |
| Investment rate of return | 7.0%, net of investment expenses, including inflation |
| Discount rate of return | 7.0% |

| Health care cost trends | Initial | Ultimate |
|---|---|---|
| Medical | | |
| Pre-Medicare | | |
| Current measurement period | 7.50% | 4.14% |
| Prior measurement period | 7.50% | 3.94% |
| Medicare | | |
| Current measurement period | -10.94% | 4.14% |
| Prior measurement period | -68.78% | 3.94% |
| Prescription Drug | | |
| Pre-Medicare | | |
| Current measurement period | -11.95% | 4.14% |
| Prior measurement period | 9.00% | 3.94% |
| Medicare | | |
| Current measurement period | 1.33% | 4.14% |
| Prior measurement period | -5.47% | 3.94% |

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, 2023 and 2022 valuations are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

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

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

** Final target weights reflected at October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

**Discount Rate –** The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023 and 2022.

**Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates –** The following table presents the College's proportionate share of the net OPEB asset for fiscal years 2024 and 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

| Fiscal Year 2024 | 1% Increase (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| College's proportionate share of the net OPEB asset | $ 620,217 | $ 732,796 | $ 830,843 |
| Fiscal Year 2023 | | | |
| College's proportionate share of the net OPEB liability (asset) | $ 882,813 | $ 954,936 | $ 1,016,715 |

**NOTE 8 - 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 2024 | 1% Decrease In Trend Rates | Current Trend Rates | 1% Increase In Trend Rates |
|---|---|---|---|
| College's proportionate share of the net OPEB asset | $ 835,393 | $ 732,796 | $ 609,223 |
| Fiscal Year 2023 | | | |
| College's proportionate share of the net OPEB asset | $ 990,501 | $ 954,936 | $ 910,044 |

**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 liability for fiscal year 2024 was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The total OBEB liability 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 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 | 5.70% |
| Prior measurement period | 5.22% |
| Investment rate of return | 6.00% |
| Municipal bond rate: | |
| Current measurement period | 3.77% |
| Prior measurement period | 4.05% |
| Health care cost trend rate: | |
| Current measurement period | 5.5% initial, 3.50% ultimate in 2038 |
| Prior measurement period | 5.5% initial, 3.50% ultimate in 2036 |
| Actuarial cost method | Individual entry age |

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (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. 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 2023 and 2022, 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 gain of 14.0% for 2023 and was a loss of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care 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 geometric 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, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| 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 | 37.00% | 2.82% | 34.00% | 2.56% |
| Domestic Equities | 25.00% | 4.27% | 26.00% | 4.60% |
| REITs | 5.00% | 4.68% | 7.00% | 4.70% |
| International Equities | 25.00% | 5.16% | 25.00% | 5.51% |
| Risk Parity | 3.00% | 4.38% | 2.00% | 4.37% |
| Other Investments | 5.00% | 2.43% | 6.00% | 1.84% |
| Total | 100.00% | | 100.00% | |

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Discount Rate.** A single discount rate of 5.70% and 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2023 and 2022, 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 3.77%. 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 4.05%.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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**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 years 2024 and 2023, calculated using the single discount rate of 5.70% and 5.22%, 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 2024 | 1% Decrease (4.70%) | Current Discount Rate (5.70%) | 1% Increase (6.70%) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability (asset) | $ 158,368 | $ (288,319) | $ (658,057) |

| 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) | $ 668,875 | $ 196,673 | $ (193,244) |

**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 liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (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 2024 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.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

| Fiscal Year 2024 | 1% Decrease In Trend Rates | Current Trend Rates | 1% Increase In Trend Rates |
|---|---|---|---|
| College's proportionate share of the net OPEB liability (asset) | $ (300,133) | $ (288,319) | $ (274,590) |
| Fiscal Year 2023 | | | |
| College's proportionate share of the net OPEB liability (asset) | $ 184,206 | $ 196,673 | $ 210,387 |

**NOTE 9 - INSURANCE**

The College maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The College also carries professional coverage for employees and its Board of Trustees. Over the past two years, settlement amounts related to these insured risks have been negligible.

**Employee Group Medical/Surgical, Dental, and Vision Insurance**

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance program.

The College is a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the College's behalf.

The claims liability of $159,844 and $203,591 reported in Claims Payable at June 30, 2024 and 2023, respectively, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claim costs, including estimates of costs related to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

| Fiscal Year | Balance At Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|---|---|---|---|---|
| 2024 | $ 203,591 | $ 1,138,683 | $ (1,182,430) | $ 159,844 |
| 2023 | $ 212,462 | $ 1,572,724 | $ (1,581,595) | $ 203,591 |
| 2022 | $ 306,750 | $ 1,508,811 | $ (1,603,099) | $ 212,462 |

**NOTE 10 - CONTINGENCIES**

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

**NOTE 11 - FEDERAL DIRECT LENDING PROGRAM**

The College distributed $1,736,082 and $1,769,255 for student loans through the U.S. Department of Education federal direct lending program for the year ended June 30, 2024 and 2023, respectively. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

**NOTE 12 - RELATED ORGANIZATION**

The Edison Foundation, Inc. (the "Foundation") is a separate not-for-profit entity organized for the purpose of promoting educational activities of the College. Since the resources held by the Foundation can be used only by and for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The up to 25-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Amounts transferred to the College from the Foundation are recorded as nonoperating gifts in the accompanying financial statements.

The Foundation reports under FASB standards, including Accounting Standards Codification 958-205 (previously FASB Statement No. 117), *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from Edison State Community College, 1973 Edison Drive, Piqua, OH 45356.

The following is a summary of the Foundation's significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments purchased, including certificates of deposit and money market funds, to be cash equivalents. Cash equivalents includes $39,032 and $57,147 of money market funds held in the investment portfolio excluded from investments, but included in the endowment fund as of June 30, 2024 and 2023, respectively.

Investments: Investments are stated at fair value and the realized and unrealized gains and losses are reflected in the statements of activities. Donated investments are recorded at fair value on the date received or receivable. Realized gains or losses are determined based on the average cost method.

Contributions: Contributions, including unconditional promises to give in the future, are measured at fair value and reported as revenue when received or receivable. Conditional contributions are not recognized until the conditions are substantially met. Contributions with donor-imposed time or purpose restrictions are reported as support with donor restrictions. All other contributions are reported as support without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Pledges Receivable: Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. Based upon management's judgment, considering such factors as prior collection history, type of contribution, and nature of fundraising activity, the Foundation did not record an allowance for uncollectible pledges receivable as of June 30, 2024 and 2023.

**NOTE 12 - RELATED ORGANIZATION** (Continued)

As of June 30, 2024 and 2023, contributors to the Foundation have outstanding unconditional pledges totaling $286,879 and $6,286, respectively. All pledges have been classified as net assets with donor restrictions since they will either expire or be fulfilled within a specified period of time. All pledges are considered to be fully collectible. The discount rate used on long-term promises to give was 4.33% at June 30, 2024 and 2023.

Unconditional promises to give at June 30, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Due in one year | $ 80,539 | $ 6,286 |
| Due in one to five years | 235,000 | - |
| | 315,539 | 6,286 |
| Less pledge discount | (28,660) | - |
| | $ 286,879 | $ 6,286 |

Net Assets: Net assets are classified into two categories: (1) Net assets without donor restrictions, which represent funds available for grants and expenses which are not otherwise limited by donor restrictions. When a donor-imposed restriction or condition is met in the same reporting period as received, the support is recorded as net assets without donor restrictions. These net assets may be designated for specific purposes by the Board of Directors. (2) Net assets with donor restrictions, which consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Generally, these donor restrictions limit the use of these net assets to the scholarships and other College programs and capital projects of the College. Some donor restrictions are perpetual in nature whereby principal is to be maintained intact in perpetuity and that only the income from investment thereof can be expended either for the general purpose of the Foundation or purposes specified by the donor.

Investments by major types for the year ended June 30 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Corporate bonds | $ 334,850 | $ 306,151 |
| Common stocks | 1,386,843 | 1,439,899 |
| Mutual funds - Fixed income | 1,125,339 | 818,836 |
| Mutual funds - Equities | 1,178,873 | 807,638 |
| Total | $ 4,025,905 | $ 3,372,524 |

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

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Foundation to determine those fair values.

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

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

**NOTE 12 - RELATED ORGANIZATION** (Continued)

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

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

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2024 and 2023, there were no transfers between levels of the fair value hierarchy.

| | Fair Value Measurements at June 30, 2024 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2024 |
| Assets: | | | | |
| Fixed income - Domestic (1) | $ 1,125,339 | $ 334,850 | $ - | $ 1,460,189 |
| Equities - Domestic | 2,565,716 | - | - | 2,565,716 |
| | $ 3,691,055 | $ 334,850 | $ - | $ 4,025,905 |

| | Fair Value Measurements at June 30, 2023 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2023 |
| Assets: | | | | |
| Fixed income - Domestic (1) | $ 818,836 | $ 306,151 | $ - | $ 1,124,987 |
| Equities - Domestic | 2,247,537 | - | - | 2,247,537 |
| | $ 3,066,373 | $ 306,151 | $ - | $ 3,372,524 |

(1) The fair value of certain fixed-income securities at June 30, 2024 and 2023 was determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of the assets was determined primarily based on quoted market prices from the investment custodian.

Net realized and unrealized gains on investments were $274,903 and $224,780 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The College processes most of the Foundation’s expenses and is periodically reimbursed for those checks written on the Foundation’s behalf. For the years ended June 30, 2024 and 2023, the College was reimbursed by the Foundation for $37,597 and $27,243, respectively, of salaries and operating expenses paid by the College on the Foundation's behalf. The College received $165,576 and $112,639 in grants from the Foundation during the year ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the College had accounts receivable from the Foundation of $25,328 and $29,407, respectively. At June 30, 2024 and 2023, the College had accounts payable to the Foundation of $600 and $1,200, respectively.

**NOTE 14 – RECLASSIFICATION DUE TO CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLES**:

During the fiscal year ended June 30, 2024, based on updated guidance and interpretations of accounting principles, the College determined that net pension and OPEB assets are considered restricted assets as they can only be used to provide pension and OPEB benefits. As a result, College will report these assets as restricted net position and has restated restricted and unrestricted net position on the Statement of Net Position for the fiscal year ended June 30, 2023 as shown in the table below. There was no effect on beginning or total net position as a result of this adjustment.

| | As Previously Reported June 30, 2023 | Reclassification | As Restated June 30, 2023 |
|---|---|---|---|
| Net investment in capital assets | $ 18,948,301 | $ - | $ 18,948,301 |
| Restricted - expendable | 357,186 | 954,936 | 1,312,122 |
| Restricted - nonexpendable | - | - | - |
| Unrestricted | (5,881,423) | (954,936) | (6,836,359) |
| | $ 13,424,064 | $ - | $ 13,424,064 |

# REQUIRED SUPPLEMENTARY INFORMATION

**EDISON STATE COMMUNITY COLLEGE**
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1) | College's Proportion of the Net Pension Liability | College's Proportionate Share of the Net Pension Liability | College's Covered Payroll | College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2015 | 0.040110% | $ 9,756,043 | $ 3,717,594 | 262.43% | 74.70% |
| 2016 | 0.039131% | 10,814,772 | 4,082,273 | 264.92% | 72.10% |
| 2017 | 0.037348% | 12,501,491 | 3,804,950 | 328.56% | 66.80% |
| 2018 | 0.035439% | 8,418,539 | 3,785,307 | 222.40% | 75.30% |
| 2019 | 0.034417% | 7,567,447 | 3,786,035 | 199.88% | 77.30% |
| 2020 | 0.034256% | 7,575,499 | 3,880,050 | 195.24% | 77.40% |
| 2021 | 0.033670% | 8,146,900 | 3,910,500 | 208.33% | 75.50% |
| 2022 | 0.034984% | 4,473,041 | 4,156,386 | 107.62% | 87.80% |
| 2023 | 0.036880% | 8,198,386 | 4,656,764 | 176.05% | 78.88% |
| 2024 | 0.037679% | 8,114,071 | 5,009,593 | 161.97% | 80.02% |

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

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $ 558,455 | $ (558,455) | $ - | $ 4,082,273 | 13.68% |
| 2016 | 532,693 | (532,693) | - | 3,804,950 | 14.00% |
| 2017 | 529,943 | (529,943) | - | 3,785,307 | 14.00% |
| 2018 | 530,045 | (530,045) | - | 3,786,035 | 14.00% |
| 2019 | 543,207 | (543,207) | - | 3,880,050 | 14.00% |
| 2020 | 547,470 | (547,470) | - | 3,910,500 | 14.00% |
| 2021 | 581,894 | (581,894) | - | 4,156,386 | 14.00% |
| 2022 | 651,947 | (651,947) | - | 4,656,764 | 14.00% |
| 2023 | 701,343 | (701,343) | - | 5,009,593 | 14.00% |
| 2024 | 731,221 | (731,221) | - | 5,223,007 | 14.00% |

See accompanying notes to the required supplementary information.

**EDISON STATE COMMUNITY COLLEGE**
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan

| Measurement Date Fiscal Year (1) | College's Proportion of the Net Pension Liability | College's Proportionate Share of the Net Pension Liability | College's Covered Payroll | College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2015 | 0.027064% | $ 3,261,782 | $ 3,782,425 | 86.24% | 86.45% |
| 2016 | 0.023428% | 4,050,419 | 4,042,817 | 100.19% | 81.08% |
| 2017 | 0.022273% | 5,057,859 | 3,656,242 | 138.33% | 77.25% |
| 2018 | 0.023207% | 3,640,668 | 3,665,736 | 99.32% | 84.66% |
| 2019 | 0.024844% | 6,804,351 | 3,742,956 | 181.79% | 74.70% |
| 2020 | 0.025954% | 5,130,004 | 3,950,921 | 129.84% | 82.17% |
| 2021 | 0.028160% | 4,169,809 | 3,564,907 | 116.97% | 86.88% |
| 2022 | 0.029887% | 2,600,272 | 4,514,657 | 57.60% | 92.62% |
| 2023 | 0.029941% | 8,844,623 | 5,217,236 | 169.53% | 75.74% |
| 2024 | 0.030524% | 7,991,258 | 5,676,236 | 140.78% | 79.01% |

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

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $ 485,138 | $ (485,138) | $ - | $ 4,042,817 | 12.00% |
| 2016 | 438,749 | (438,749) | - | 3,656,242 | 12.00% |
| 2017 | 458,217 | (458,217) | - | 3,665,736 | 12.50% |
| 2018 | 505,299 | (505,299) | - | 3,742,956 | 13.50% |
| 2019 | 553,129 | (553,129) | - | 3,950,921 | 14.00% |
| 2020 | 499,087 | (499,087) | - | 3,564,907 | 14.00% |
| 2021 | 632,052 | (632,052) | - | 4,514,657 | 14.00% |
| 2022 | 730,413 | (730,413) | - | 5,217,236 | 14.00% |
| 2023 | 794,673 | (794,673) | - | 5,676,236 | 14.00% |
| 2024 | 777,673 | (777,673) | - | 5,554,807 | 14.00% |

See accompanying notes to the required supplementary information.

**EDISON STATE COMMUNITY COLLEGE**
Required Supplementary Information
Schedules of College's Proportionate Share of the Net OPEB Liability (Asset)
and College OPEB Contributions
State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1) (2) | College's Proportion of the Net OPEB Liability (Asset) | College's Proportionate Share of the Net OPEB Liability (Asset) | College's Covered Payroll | College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|---|---|---|---|---|---|
| 2017 | 0.037348% | $ 1,997,379 | $ 3,804,950 | 52.49% | 37.33% |
| 2018 | 0.035439% | 1,382,688 | 3,785,307 | 36.53% | 47.11% |
| 2019 | 0.034417% | (553,041) | 3,786,035 | (14.61%) | 176.00% |
| 2020 | 0.034256% | (567,362) | 3,880,050 | (14.62%) | 174.74% |
| 2021 | 0.033670% | (591,747) | 3,910,500 | (15.13%) | 182.13% |
| 2022 | 0.034984% | (737,612) | 4,156,386 | (17.75%) | 174.73% |
| 2023 | 0.036880% | (954,936) | 4,656,764 | (20.51%) | 230.73% |
| 2024 | 0.037679% | (732,796) | 5,009,593 | (14.63%) | 168.52% |

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

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

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | College's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2016 | $ - | $ - | $ - | $ 3,804,950 | 0.00% |
| 2017 | - | - | - | 3,785,307 | 0.00% |
| 2018 | - | - | - | 3,786,035 | 0.00% |
| 2019 | - | - | - | 3,880,050 | 0.00% |
| 2020 | - | - | - | 3,910,500 | 0.00% |
| 2021 | - | - | - | 4,156,386 | 0.00% |
| 2022 | - | - | - | 4,656,764 | 0.00% |
| 2023 | - | - | - | 5,009,593 | 0.00% |
| 2024 | - | - | - | 5,223,007 | 0.00% |

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

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

See accompanying notes to the required supplementary information.

**EDISON STATE COMMUNITY COLLEGE**
Required Supplementary Information
Schedules of 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) |
|---|---|---|---|---|---|
| 2017 | 0.023389% | $ 2,362,330 | $ 3,656,242 | 64.61% | 54.05% |
| 2018 | 0.024050% | 2,611,606 | 3,665,736 | 71.24% | 54.14% |
| 2019 | 0.025679% | 3,347,904 | 3,742,956 | 89.45% | 46.33% |
| 2020 | 0.026865% | 3,710,782 | 3,950,921 | 93.92% | 47.80% |
| 2021 | 0.028722% | (511,712) | 3,564,907 | (14.35%) | 115.57% |
| 2022 | 0.030940% | (969,076) | 4,514,657 | (21.47%) | 128.23% |
| 2023 | 0.031192% | 196,673 | 5,217,236 | 3.77% | 94.79% |
| 2024 | 0.031946% | (288,319) | 5,676,236 | (5.08%) | 107.76% |

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

(2) Amounts presented for each year were determined as of the College's measurement date, which is the prior calendar 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 |
|---|---|---|---|---|---|
| 2016 | $ 65,433 | $ (65,433) | $ - | $ 3,656,242 | 2.00% |
| 2017 | 34,256 | (34,256) | - | 3,665,736 | 1.50% |
| 2018 | - | - | - | 3,742,956 | 0.50% |
| 2019 | - | - | - | 3,950,921 | 0.00% |
| 2020 | - | - | - | 3,564,907 | 0.00% |
| 2021 | - | - | - | 4,514,657 | 0.00% |
| 2022 | - | - | - | 5,217,236 | 0.00% |
| 2023 | - | - | - | 5,676,236 | 0.00% |
| 2024 | - | - | - | 5,554,807 | 0.00% |

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

See accompanying notes to the required supplementary information.

**Notes to Pension Information**

<u>Changes of Benefit Terms</u>

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

<u>Changes of Assumptions</u>

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.

For measurement year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

There have been no changes in benefit terms.

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

There have been no changes in benefit terms.

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%.

For measurement year 2023, the single discount rate changed from 5.22% to 5.70%.

# SUPPLEMENTAL INFORMATION

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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P. 937.399.2000 | F. 937.399.5433

**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
Edison State Community College
Piqua, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Edison State Community College (the College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 10, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 10, 2024

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 REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Edison State Community College
Piqua, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Edison State Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 10, 2024

| Federal Grantor/Pass Through Grantor/Program Title | Grant or Pass Through Number | Assistance Listing Number | Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Student Financial Assistance Cluster: | | | |
| Federal Supplemental Educational Opportunity Grants | (1) | 84.007 | $ 96,573 |
| Federal Work-Study Program | (1) | 84.033 | 48,122 |
| Federal Pell Grant Program | (1) | 84.063 | 3,441,234 |
| Federal Direct Student Loans | (1) | 84.268 | 1,736,082 |
| Total Student Financial Assistance Cluster | | | 5,322,011 |
| *Passed through Ohio Department of Education:* | | | |
| Career and Technical Education - Basic Grants to States | U.S.A.S #524 | 84.048A | 96,057 |
| COVID-19 - Education Stabilization Fund: | | | |
| *Passed through Ohio Department of Education:* | | | |
| American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) | N/A | 84.425U | 158,072 |
| Total U.S. Department of Education | | | 5,576,140 |
| U.S. Department of Commerce | | | |
| Hollings Manufacturing Extension Partnership | (1) | 11.611 | 1,000 |
| Total U.S. Department of Commerce | | | 1,000 |
| U.S. Department of Labor | | | |
| *Passed through West Central Ohio Manufacturing Partnership:* | | | |
| H-1B Job Training Grants | HG-33034-19-60-A-39 | 17.268 | 34,874 |
| Total U.S. Department of Labor | | | 34,874 |
| U.S. Department of Health and Human Services | | | |
| CCDF Cluster: | | | |
| *Passed through Ohio Department of Jobs and Family Services:* | | | |
| Child Care and Development Block Grant | N/A | 93.575 | 3,876 |
| *Passed through Ohio Department of Education:* | | | |
| Child Care and Development Block Grant | 403948 | 93.575 | 13 |
| Total CCDF Cluster | | | 3,889 |
| *Passed through Ohio Department of Education:* | | | |
| Block Grants for Substance Use Prevention, Treatment, and Recovery Services | N/A | 93.959 | 21,494 |
| Total U.S. Department of Health and Human Services | | | 25,383 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | $ 5,637,397 |

See accompanying notes to the schedule of expenditures of federal awards.

**NOTE 1 - GENERAL**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Edison State Community College under programs of the federal government for the year ended June 30, 2024. 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 Edison State Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Edison State Community College.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the College’s financial statements. Expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. In addition, the College did not pass-through any federal awards to subrecipients during the year ended June 30, 2024.

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

**NOTE 3 – LOAN PROGRAMS**

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

**Section I – Summary of Auditors' Results**

Financial Statements

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

Federal Awards

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

Identification of major program:

Student Financial Assistance Cluster
ALN 84.007 – 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

OHIO AUDITOR OF STATE
KEITH FABER

**EDISON STATE COMMUNITY COLLEGE**

**MIAMI 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 1/9/2025**

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