

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE HAMILTON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024



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

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

We have reviewed the *Independent Auditors' Report* of the Cincinnati State Technical and Community College, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 29, 2025

This page intentionally left blank.

Cincinnati State Technical and Community College

Contents

Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 19
Basic Financial Statements	
Statements of Net Position	20
Statements of Revenues, Expenses, and Change in Net Position	21
Statements of Cash Flows	22 – 23
Notes to Financial Statements	24 – 62
Required Supplementary Information	
Schedules of the College's Proportionate Share of the Net Pension Liability and College Pension Contributions	63 – 64
Schedules of the College's Proportionate Share of the Net OPEB Liability (Asset) and College OPEB Contributions	65 – 66
Notes to Required Supplementary Information	67 – 70
Supplemental Information	
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 <i>Government Auditing Standards</i>	71 – 72
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	73 – 75
Schedule of Expenditures of Federal Awards	76 – 77
Notes to the Schedule of Expenditures of Federal Awards	78
Schedule of Findings and Questioned Costs	79
Summary of Prior Audit Findings and Questioned Costs	80

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Cincinnati State Technical and Community College (the College), a component unit of the State of Ohio, as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 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 the College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 15, 2025

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

Introduction, Mission and Governance

Our discussion and analysis of Cincinnati State Technical & Community College's financial performance provides an overview of the financial activities for the year ended June 30, 2025, with selected comparative information for the fiscal years ended June 30, 2024 and 2023. This discussion, prepared by management, read in conjunction with the financial statements and the notes thereto which follow this section.

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

The President and Board of Trustees established the following Mission of the College:

Cincinnati State provides access, opportunity, and support in achieving success for individuals seeking exceptional technical, transfer experiential/cooperative education and workforce training.

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

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

The President and Board of Trustees set the following fiscal priorities for the College for fiscal year 2025:

- Support student success through the allocation of fiscal resources sufficient to implement the College mission and educational programs successfully; and
- Prioritize fiscal support of investments necessary to stabilize and grow enrollment, maintain and improve aging facilities, and implement strategic planning projects; and
- Maintain fiscal sustainability as evidenced by key fiscal metrics of Annual Positive Cash Flow, Annual Positive Net Surplus, and Annual Senate Bill Score no less than 3.50 and on a long-term trend to exceed 4.00.

Strategic Plan Progress, 2019–2025

Over the past five years, Cincinnati State has advanced its mission through the Accelerating Potential 2025 strategic plan. Major achievements include reaffirmation of accreditation by the Higher Learning Commission for a ten-year cycle, stronger student outcomes, and improved course pass rates that increased the State Share of Instruction subsidy. The College expanded transfer pathways, launched three new bachelor's degree programs, and significantly grew College Credit Plus participation, with more than 4,000 students engaged. These academic and programmatic gains were complemented by successful student support initiatives such as CState Accelerate, which has provided wrap-around services for over 600 students.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

Institutional Growth and Recognition

The College also made substantial investments in facilities and workforce readiness. The opening of a new Health Simulation Lab and Nursing Skills Lab, combined with IT modernization and a Clifton Campus Master Plan, enhanced academic quality and operational strength. Enrollment trends reversed, with an 11.5 percent headcount increase in Fall 2024. Fiscal performance improved dramatically, as evidenced by the Senate Bill 6 composite score rising from 2.3 to a record 5.0 and reserves more than doubling. Cincinnati State also garnered national recognition through PBS and higher education media, while completing a \$21 million anniversary campaign and securing major grants and federal earmarks.

Community and Student Experience

The student experience and community engagement pillars also saw significant progress. The reopening of the Child Learning Center, expanded partnerships with regional employers, and new apprenticeship models underscored the College's commitment to accessibility and workforce relevance. Initiatives such as the Student Relief Fund, expanded disability services, and engagement with diverse student populations improved the sense of belonging and equity on campus. Faculty and staff initiatives, including enhanced professional development and wellness programs, further strengthened the College community.

Strategic Plan Transition, Summer 2025

During Summer 2025, the College has focused on preparing the Strategic Plan 2025–2030. This process included broad stakeholder engagement, external facilitation, and alignment with state and regional workforce needs. The forthcoming plan, anticipated for Board approval in Fall 2025, will build on recent successes while focusing on three central priorities: advancing student success and economic mobility, enriching student and employee engagement, and strengthening operational excellence, value, and visibility. This transition work ensures continuity of the College's progress while positioning it to address emerging challenges and opportunities in the decade ahead.

Cincinnati State is fully accredited by the Higher Learning Commission and the Ohio Department of Higher Education and the College holds numerous programmatic accreditations. The Higher Learning Commission completed a Comprehensive Quality Review site visit in April 2024 resulting in the affirmation of the College's accreditation until 2033-2034.

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

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

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

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

Financial Summary

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

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

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

Statement of Net Position

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

A summarized comparison of the College's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30 follows (*in thousands*):

	2025	Restated 2024	2023
Assets and Deferred Outflows of Resources			
Cash, cash equivalents, and investments	\$ 48,715	\$ 48,714	\$ 49,870
Accounts receivable – Net	7,111	6,139	5,073
Other assets	1,432	812	758
Other long-term assets	2,834	2,672	3,712
Capital assets – Net	83,884	80,670	78,488
Total assets	143,976	139,007	137,901
Deferred outflows of resources	12,692	11,260	11,675
Total assets and deferred outflows of resources	\$ 156,668	\$ 150,267	\$ 149,576
Liabilities and Deferred Inflows of Resources			
Accounts payable and accrued expenses	\$ 6,181	\$ 4,935	\$ 9,379
Unearned revenue	6,328	6,556	4,692
Long-term liabilities	61,710	69,704	70,944
Total liabilities	74,219	81,195	85,015
Deferred inflows of resources	14,138	12,652	17,705
Total liabilities and deferred inflows of resources	88,357	93,847	102,720
Net Position			
Net investment in capital assets	71,232	64,890	59,692
Restricted	5,685	5,416	1,333
Unrestricted	(8,606)	(13,886)	(14,169)
Total net position	68,311	56,420	46,856
Total liabilities, deferred inflows of resources, and net position	\$ 156,668	\$ 150,267	\$ 149,576

Assets and Deferred Outflows of Resources

Cash, cash equivalents, and investments make up 31.1 percent, 32.4 percent, and 33.3 percent of total assets and deferred outflows at June 30, 2025, 2024, and 2023, respectively. Cash, cash equivalents, and investments include bank deposits, cash on hand, cash with fiscal agent, U.S. government agency securities, and Treasury notes. Cash, cash equivalents, and investments showed a slight increase as of June 30, 2025, compared to the prior year-end. Cash, cash equivalents and investments were down, \$1.2 million, at June 30, 2024 from June 30, 2023 due to accrued expenses from year end 2023 which resulted in over \$2.5 million in timing-related accounts payable liability paid at the beginning of fiscal year 2024.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

Net accounts receivable constitutes 4.5 percent, 4.1 percent and 3.4 percent, of the total assets and deferred outflows as of June 30, 2025, 2024, and 2023, respectively. The net increase in accounts receivable from fiscal year 2024 to fiscal year 2025 and from fiscal year 2023 to fiscal year 2024 is attributable to timing of grant drawdowns for reimbursement of allowable expenses at year end compared to the prior year end. Accounts receivable at June 30 include (in thousands):

Accounts Receivable

	2025	2024	2023
Tuition and fees	\$ 10,130	\$ 9,232	\$ 8,516
Grant and other	2,038	1,733	1,004
Less allowance for doubtful accounts	(5,057)	(4,826)	(4,447)
Total net accounts receivable	<u>\$ 7,111</u>	<u>\$ 6,139</u>	<u>\$ 5,073</u>

Capital assets, net of depreciation, make up 53.5 percent, 53.7 percent, and 52.5 percent of the total assets and deferred outflows at June 30, 2025, 2024, and 2023, respectively. Fiscal year 2025 capital assets activity was primarily related to the ATLC roof replacement project, and completion of the Clifton exterior project, Main building air handler replacements, network distribution equipment replacements, and the beginning of the HVAC controls and boiler replacements in the ATLC and the Health Professions buildings. Fiscal year 2024 capital assets activity was primarily related to the Main building air handler replacements, the Main building wi-fi upgrade project, and completion of the ERP modernization and gym roof replacement projects. Fiscal year 2023 capital assets activity was primarily related to the Health Simulation Lab construction project, the ERP modernization project, and the gym roof replacement. Other assets include prepaid expenses, bond escrow payments, and cafeteria, restaurant, and other College inventories.

Liabilities and Deferred Inflows of Resources

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

Net Position

Total net position increased \$11.9 million compared to June 30, 2024. The increase in net position is due to improving fiscal performance of the College general operating fund (i.e. revenues in excess of expenses) due to stabilizing revenue related to enrollment and cost containment. All of the College's restricted net position is expendable and includes reserves for debt service and deferred maintenance as well as amounts that are expendable for other postemployment benefits. Unrestricted net position is not subject to externally imposed stipulations and may be designated for specific purposes by action of management or the Board of Trustees. Substantially all unrestricted net position is allocated for academic programs, general operations, deferred maintenance, and initiatives.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

Statement of Revenue, Expenses, and Changes in Net Position

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

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

	2025	Restated 2024	2023
Revenues			
Tuition and fees – Net	\$ 14,492	\$ 15,074	\$ 15,929
Grants and contracts	27,297	21,422	18,582
Sales and services	2,048	2,069	1,995
Auxiliary services	1,167	990	999
Other revenue	3,845	4,557	3,112
State instructional appropriations	30,767	29,579	28,346
State capital appropriations	5,244	3,301	5,100
Total revenue	84,860	76,992	74,063
Expenses			
Instruction	27,578	25,191	22,844
Public service	2,362	2,087	2,199
Academic support	6,607	5,930	5,015
Student services	5,848	5,051	4,692
Institutional support	14,749	13,609	12,985
Operations and maintenance	7,620	6,914	7,495
Depreciation	4,982	4,277	3,984
Scholarships	1,877	1,677	1,797
Auxiliary services	888	953	882
Loss on disposal of capital assets	-	5	18
Interest on capital asset related debt	458	565	707
Total expenses	72,969	66,259	62,618
Change in net position	11,891	10,733	11,445
Net position - Beginning of year, <i>as previously reported</i>	56,420	46,856	35,411
Implementation of GASB No. 101	-	(1,169)	-
Net Position - Beginning of year, <i>as restated</i>	56,420	45,687	35,411
Net Position - End of year	\$ 68,311	\$ 56,420	\$ 46,856

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

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

	2025	Restated 2024	2023
Revenues			
Tuition and fees – Net	\$ 14,492	\$ 15,074	\$ 15,929
Grants and contracts	27,297	21,422	18,582
Sales and services	2,048	2,069	1,995
Auxiliary services	1,167	990	999
Other revenue	3,845	4,557	3,112
State instructional appropriations	30,767	29,579	28,346
State capital appropriations	5,244	3,301	5,100
Total revenue	84,860	76,992	74,063
Expenses			
Instruction	30,556	28,103	26,067
Public service	2,555	2,270	2,416
Academic support	7,214	6,520	5,613
Student services	6,279	5,463	5,153
Institutional support	15,451	14,257	13,803
Operations and maintenance	7,950	7,214	7,812
Depreciation	4,982	4,277	3,984
Scholarships	1,877	1,677	1,797
Auxiliary services	888	953	882
Loss on disposal of capital assets	-	5	18
Interest on capital asset related debt	458	565	707
Total expenses	78,210	71,304	68,252
Increase in net position	\$ 6,650	\$ 5,688	\$ 5,811

Revenues

Revenue for fiscal year 2025 increased by \$7.9 million or 10.2 percent compared with fiscal year 2024. The change derives primarily from the following functional categories of revenue:

1. Grants and contracts revenue increased by \$5.9 million primarily as a result of an increase in Pell grants of \$4.0 million in fiscal year 2025 compared to fiscal year 2024.
2. Auxiliary revenue increased by \$177 thousand compared to fiscal year 2024 primarily due to an increase in parking permits.
3. State instructional appropriations increased by \$1.2 million, or 4.0 percent, compared to fiscal year 2024, due to the State's funding formula which is performance based using components of course completion, success points and attainment or credential completion.
4. State capital appropriations increased by \$1.9 million, or 58.9 percent, compared to fiscal year 2024, largely as a result of the timing in state capital projects from year to year.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

Revenue for fiscal year 2024 increased by \$2.9 million or 4.0 percent compared with fiscal year 2023. The change derives primarily from the following functional categories of revenue:

1. Grants and contracts revenue increased by \$2.8 million primarily as a result of an increase in Pell grants of \$1.9 million in fiscal year 2024 compared to fiscal year 2023.
2. Other revenue increased by \$1.4 million compared to fiscal year 2023 primarily due to an increase in investment income as a result of improved market performance.
3. State instructional appropriations increased by \$1.2 million, or 4.3 percent, compared to fiscal year 2023, due to the State's funding formula which is performance based using components of course completion, success points and attainment or credential completion.
4. State capital appropriations decreased by \$1.8 million, or 35.3 percent, compared to fiscal year 2023, largely as a result of the timing in state capital projects from year to year.

Expenses

Expenses for fiscal year 2025 increased by \$6.7 million, over fiscal year 2024 when including the impact of GASB 68/75. When excluding the impact of GASB 68/75, expenses increased \$6.9 million over fiscal year 2023, primarily due to increased personnel costs and depreciation. The containment of costs (excluding GASB 68/75) relative to enrollment continues to be critical to meeting the fiscal goals established by the President of the College and Board of Trustees, however, due to positive fiscal results in recent years, the President and the Board of Trustees authorized limited increases in operating and capital expenses targeted at enrollment growth. The change derives primarily from the following functional categories of expense (excluding adjustments for GASB 68 and 75):

1. Instruction expenses increased by \$2.5 million, or 8.7 percent, and student services expenses increased by \$816 thousand, or 14.9 percent, compared to fiscal year 2024, primarily due to investment in academic programs with the objective to improve enrollment.
2. Academic support expenses increased by \$694 thousand, or 10.6 percent, compared to fiscal year 2024, primarily due to investment in student support programs with the objective of improving student success.
3. Operation and maintenance expenses increased by \$236 thousand, or 10.2 percent, compared to fiscal year 2024, primarily due to timing of deferred maintenance projects compared to prior years.

Expenses for fiscal year 2024 increased by \$3.5 million, over fiscal year 2023 when including the impact of GASB 68/75. When excluding the impact of GASB 68/75, expenses increased \$2.9 million over fiscal year 2023, primarily due to increased personnel costs and depreciation. The containment of costs (excluding GASB 68/75) relative to enrollment continues to be critical to meeting the fiscal goals established by the President of the College and Board of Trustees, however, due to positive fiscal results in recent years, the President and the Board of Trustees authorized limited increases in operating and capital expenses targeted at enrollment growth.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

The change derives primarily from the following functional categories of expense (excluding adjustments for GASB 68 and 75):

1. Instruction expenses increased by \$2.0 million, or 7.8 percent, and student services expenses increased by \$310 thousand, or 6.0 percent, compared to fiscal year 2023, primarily due to investment in academic programs with the objective to improve enrollment.
2. Academic support expenses increased by \$907 thousand, or 16.2 percent, compared to fiscal year 2023, primarily due to investment in student support programs with the objective of improving student success.
3. Operation and maintenance expenses decreased by \$598 thousand, or 7.7 percent, compared to fiscal year 2023, primarily due to timing of deferred maintenance projects compared to prior years.

Statement of Cash Flows

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

Statement of Cash Flows

	2025	2024	2023
Net cash used in operating activities	\$ (45,077)	\$ (41,054)	\$ (35,246)
Net cash provided by non-capital financing activities	49,410	44,212	44,959
Net cash used in capital and related financing activities	(6,561)	(6,532)	(5,362)
Net cash provided by (used in) investing activities	2,195	6,256	(5,021)
Net increase in cash and cash equivalents	(33)	2,882	(670)
Cash and cash equivalents - Beginning of year	8,630	5,748	6,418
Cash and cash equivalents - End of year	<u>\$ 8,597</u>	<u>\$ 8,630</u>	<u>\$ 5,748</u>

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

Cash, Cash Equivalents, and Investments

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

Cash, Cash Equivalents, and Investments

	2025	2024	2023
Cash and cash equivalents	\$ 7,610	\$ 7,980	\$ 5,559
Cash with fiscal agent	987	649	189
Investments	40,118	40,085	44,122
Total cash, cash equivalents, and investments	<u>\$ 48,715</u>	<u>\$ 48,714</u>	<u>\$ 49,870</u>

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

Capital Assets

Capital assets, net of accumulated depreciation, totaled \$83.9 million \$80.7 million, and \$78.5 million at June 30, 2025, 2024 and 2023, respectively, an increase of \$3.2 million in fiscal year 2025 and in increase of \$2.2 million in fiscal year 2024. Changes in capital assets during fiscal years 2025 and 2024 included (in millions):

Capital Assets

	Balance June 30, 2023	Net Additions or (Reductions)	Balance June 30, 2024	Net Additions or (Reductions)	Balance June 30, 2025
Land	\$ 2.3	\$ -	\$ 2.3	\$ -	\$ 2.3
Land improvements	2.7	0.4	3.1	1.8	4.9
Building and improvements	144.8	1.9	146.7	1.3	148.0
Equipment and furniture	12.8	5.6	18.4	2.4	20.8
Library books and audio visual	1.3	0.1	1.4	0.0	1.4
Construction in progress	2.9	(1.6)	1.3	2.6	3.9
Accumulated depreciation	(88.3)	(4.2)	(92.5)	(4.9)	(97.4)
Total	<u>\$ 78.5</u>	<u>\$ 2.2</u>	<u>\$ 80.7</u>	<u>\$ 3.2</u>	<u>\$ 83.9</u>

Senate Bill 6

The Ohio Department of Higher Education evaluates state institutions of higher education based on a composite score of financial ratios established by Ohio law (the Senate Bill 6 score). Cincinnati State's Senate Bill 6 score for fiscal year 2025 is 5.00, as calculated by the College. The President and the Board of Trustees identified raising the Senate Bill 6 as a high priority for the College.

Instruction and Academics

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

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

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

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

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

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

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

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

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

The College, upon approval from the Ohio Department of Education and the Higher Learning Commission, launched its third applied bachelor degree in Fall 2024: Bachelor Degree of Nursing. The College launched in Fall 2020 applied bachelor degrees in Land Surveying and Culinary Food Science. A number of other new associate degree and certificate programs have been approved which will allow the College to meet the evolving needs of the Cincinnati region. Due to low enrollment, the College retrenched in Fall 2024 its Exercise Science Associate Degree program.

In Fall 2024 the College moved its location from downtown Middletown to the Miami University -Middletown Regional Campus. The co-location of Cincinnati State and Miami Regional will result in operating efficiencies, as well as make it easier for students to navigate associate-to-bachelor degree pathways,

The College remains in good standing and full compliance with its regional accrediting body, the Higher Learning Commission. The College's programmatic accreditations and licensures all remain in good standing, including:

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

Workforce Development

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

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

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

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

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

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

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

Marketing, Enrollment and Retention

Cincinnati State's Enrollment Management framework integrates two complementary plans: the Student Success and Completion Plan and the Enrollment Services and Marketing Plan. Together, these plans provide a coordinated approach to attracting, enrolling, and supporting students from inquiry through graduation.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited June 30, 2025

The College's Enrollment Services and Marketing Plan focuses on four primary goals: (1) increasing qualified leads, (2) improving conversion rates of admitted students to enrolled students, (3) expanding credit hour enrollment among target populations, and (4) promoting continued enrollment of current and returning students. These goals are supported by measurable objectives, technology investments, and cross-divisional collaboration.

To enhance lead generation, the College implemented Element451, a comprehensive Customer Relationship Management (CRM) platform, to streamline communication with prospective students. This tool allows for targeted outreach and improved data tracking. Complementary lead sources, such as the targeted program marketing initiative, have also expanded Cincinnati State's marketing reach. As a result, total leads increased from 20,968 in FY2022 to more than 35,000 in FY2024, although data cleaning is ongoing to remove duplicate records and refine reporting accuracy.

Cincinnati State continues to refine its conversion strategies through its Onboarding, Packaging, Advising, and Coordination (OPAC) process, which is led by the College's Provost and identifies and addresses gaps between admissions and advising. The College has also engaged external partners, to audit communications and identify opportunities to improve the prospective student experience. These efforts contributed to maintaining strong new student conversion benchmarks—approximately 50 percent of new, non-CCP admits chose to enroll by the fall census date.

Marketing and recruitment efforts have also been tailored to specific student populations, including high school, adult, and online learners. Dual enrollment through College Credit Plus (CCP) continues to be a strong pipeline: in 2023, 30 percent of CCP students earned 12 or more college credits by high school graduation, and the College is implementing new initiatives to encourage these students to matriculate directly into degree programs. Recruitment of adult learners remains a strategic focus, with targeted outreach to employees of regional workforce partners such as GE Aerospace, Cincinnati Children's Hospital, and Amazon, along with promotion of stackable certificates and short-term credentials.

Recognizing the diversity of the region, the College expanded its Spanish-language marketing, launched bilingual materials and radio campaigns, and strengthened outreach to Cincinnati Public Schools (CPS) and the Cincinnati Youth Collaborative (CYC). These initiatives aim for steady annual increases in CPS and CYC graduates enrolling at Cincinnati State.

To support continued enrollment of current and returning students, the College is modernizing its student information system and implementing Student Planning modules within the Colleague platform, giving students clearer pathways to graduation.

Overall, Cincinnati State's integrated approach to marketing and enrollment services—supported by new technology, targeted outreach, and data-driven decision making—positions the College to respond effectively to shifting enrollment patterns and regional workforce needs.

Institutional Advancement

Institutional Advancement leads on fundraising, grants, public relations, government relations, community, retiree and alumni affairs, as well as internal communications for The College.

Through government affairs work, policy and budget reforms are sought at State and Federal levels to better meet The College's capacity to deliver on its mission. With public relations efforts, The College has won increasing local, state, and national coverage in print, online and broadcast features on student success and workforce development. This has recently included two PBS NewsHour primetime broadcasts featuring programs on student success and advanced manufacturing.

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

Housed within Institutional Advancement is the Cincinnati State Technical and Community College Foundation, a not-for-profit organization, which through its volunteers and programs, promotes and supports the programs, services, and capital improvement projects of the College. The College Foundation operates so as to solicit, receive, hold, administer, and apply funds or other property, raised through gifts, devices, bequests, endowments, grants or otherwise, or proceeds thereof, for the benefit of the College. The fundraising focus of the Foundation and Institutional Advancement has been to increase annual fund operations, grow its endowment and public and private grants, cultivate major gift opportunities and leverage new funds upon institutional resources. Student scholarships, funding for capital projects and academic program support are a key component of the College's Fundraising strategy. Data has shown the significant impact student scholarships have on retention and graduation.

The Cincinnati State Foundation Board and Cincinnati State Board of Trustees reconvened for another five-year comprehensive campaign, with commitments in first three-and-a-half year exceeding the previous record, at \$24 million so far. Over the past twelve years, the Foundation's endowment has grown from \$3M to \$13 million with net assets growing from \$4.6 million to \$20 million.

The growth of fundraising success is tied to elevating The College's student and workforce success in an integrated approach of leveraging public and private asks with public relations and government affairs work. This strategy is presented through aligning champion board members of Trustees, Foundation and Alumni, under the College President.

Administration of the College

During fiscal year 2025, the President's Executive Team remained stable consisting of the Provost, Vice President of Administration and Interim CFO/Treasurer, Vice President of Workforce Development and Enrollment Services, Senior Director of Student Success & Development Services and Chief Institutional Advancement Officer. The Vice President of Finance (CFO) position was vacated in February 2025, and the Vice President for Administration served as Interim CFO/Treasurer for the remainder of FY25.

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

The College has focused on improving relations with faculty, and in concert with them, the College administration has instituted several transparency and shared governance structures, including:

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

Cincinnati State Technical and Community College

Management's Discussion and Analysis – Unaudited

June 30, 2025

The Administration focused on enhancing labor relations with all unions and initiated the following during fiscal year 2018 which have continued through fiscal year 2024:

1. Every other month Labor-Management meetings which involve leadership from all 6 labor unions, the Vice President of Administration & HR, the Vice President of Finance and other administrators.
2. Convening of a Benefits Task Force with representatives of all five unions, HR, Finance, and the College's Benefit Broker. During fiscal year 2024, the Task Force reviewed network options and agreed with the College's Benefit Broker's recommendation to move networks to due to improved in-network availability, claim discounting, and service. The new network contract was approved by the Board of Trustees in May 2024 and took effect on July 1, 2024.

Facilities

The physical plant portfolio includes several assets that are over 50 years in age. The Board of Trustees restored a line item for deferred maintenance in fiscal year 2019 and increased that line item in fiscal years 2021 – 2025.

Information Technology Services

A top priority for the Information Technology Services (ITS) Division is its Information Security Program that includes an Information Security Council, Information Security Awareness Program, information security policies, and standards and change management processes and procedures. The College implemented a new Learning Management Software System (LMS) in Summer 2025, as a result of a comprehensive review and request for proposal process overseen by the Academic Teaching Committee.

The ITS Division continues to focus on the Information Security Program that includes an Information Security Council, Information Security Awareness Program, information security policies, and standards and change management processes and procedures. The College will implement a new Learning Management Software System (LMS) in 2024, as a result of a comprehensive review and request for proposal process overseen by the Academic Teaching Committee.

State Capital Funding

The State of Ohio appropriates funding for capital projects every two years. The College was appropriated \$6,675,000 for fiscal years 2017-2018, \$6,637,000 for fiscal years 2019-2020, \$6,328,363 for fiscal year 2021-2022, \$6,153,361 for fiscal years 2023-2024, and \$6,059,000 for fiscal years 2025-2026 by the State of Ohio. Capital funding from the 2025-2026 biennium appropriations include Main Building Renovations, IT System Upgrades, and Training and Education Infrastructure Upgrades. In addition to the State Capital Funding described above, the College has identified significant opportunities for capital investment that are beyond the amount appropriated by the State of Ohio through fiscal year 2026.

Litigation

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

Cincinnati State Technical and Community College

Statements of Net Position

June 30, 2025 and 2024

	Cincinnati State Technical and Community College		Cincinnati State Technical and Community College Foundation	
	<i>Restated</i>			
	2025	2024	2025	2024
Assets				
Current Assets				
Cash and cash equivalents	\$ 4,652,788	\$ 5,108,364	\$ 4,023,014	\$ 1,871,965
Cash with fiscal agent	986,822	649,270	-	-
Restricted cash	2,957,070	2,872,005	-	-
Accounts receivable - net	7,111,407	6,138,734	-	-
Pledges receivable - net	-	-	1,428,292	1,661,395
Investments	23,803,194	25,414,730	14,852,074	13,670,728
Assets held in remainder unitrust	-	-	-	263,835
Inventory	94,302	79,863	-	-
Prepaid and other assets	1,337,329	732,355	14,846	16,204
Total current assets	40,942,912	40,995,321	20,318,226	17,484,127
Noncurrent Assets				
Capital assets, not being depreciated	6,180,716	3,578,710	-	-
Capital assets, net of depreciation	77,703,735	77,091,263	-	-
Investments	16,314,881	14,669,941	-	-
Net OPEB asset	2,834,022	2,672,255	-	-
Total noncurrent assets	103,033,354	98,012,169	-	-
Total assets	143,976,266	139,007,490	20,318,226	17,484,127
Deferred Outflows of Resources				
Deferred gain on advance refunding of bonds	122,357	199,880	-	-
Pension activity	10,827,854	8,947,948	-	-
OPEB activity	1,741,939	2,111,749	-	-
Total deferred outflows of resources	12,692,150	11,259,577	-	-
Liabilities				
Current Liabilities				
Accounts payable	1,722,231	1,385,307	332,251	392,952
Accrued liabilities and other	4,459,142	3,549,746	-	-
Charitable remainder unitrust obligation	-	-	-	34,226
Unearned revenue	6,328,445	6,555,933	-	-
Compensated absences	1,352,112	1,300,284	-	-
Current portion of long-term debt	3,298,122	3,204,828	-	-
Total current liabilities	17,160,052	15,996,098	332,251	427,178
Noncurrent Liabilities				
Long-term debt	9,477,089	12,775,211	-	-
Compensated absences	2,136,982	1,923,636	-	-
Net pension liability	42,790,129	45,900,999	-	-
Net OPEB liability	2,655,401	4,599,132	-	-
Total noncurrent liabilities	57,059,601	65,198,978	-	-
Total liabilities	74,219,653	81,195,076	332,251	427,178
Deferred Inflows of Resources				
Pension activity	6,465,675	4,710,468	-	-
OPEB activity	7,672,079	7,941,946	-	-
Total deferred inflows of resources	14,137,754	12,652,414	-	-
Net Position				
Net investment in capital assets	71,231,597	64,889,814	-	-
Restricted:				
Restricted expendable	5,685,295	5,415,922	9,372,656	9,052,750
Restricted nonexpendable	-	-	7,652,648	7,363,034
Unrestricted	(8,605,883)	(13,886,159)	2,960,671	641,165
Total net position	\$ 68,311,009	\$ 56,419,577	\$ 19,985,975	\$ 17,056,949

Cincinnati State Technical and Community College
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	Cincinnati State Technical and Community College		Cincinnati State Technical and Community College Foundation	
	<i>Restated</i>			
	2025	2024	2025	2024
Operating Revenues				
Student tuition and fees:				
Student tuition and fees	\$ 33,798,339	\$ 30,530,478	\$ -	\$ -
Less scholarship allowance	(19,306,182)	(15,456,075)	-	-
	14,492,157	15,074,403	-	-
Federal grants and contributions	4,095,065	3,490,449	-	-
State grants and contributions	2,346,920	1,178,006	-	-
Contributions	-	-	4,188,621	2,964,661
Private gifts, grants, and donations	2,212,129	2,101,643	-	-
Departmental and other educational activities	2,048,043	2,069,015	-	-
Auxiliary enterprises	1,167,349	989,671	-	-
Other operating revenue	1,616,241	2,088,665	-	-
Total operating revenues	27,977,904	26,991,852	4,188,621	2,964,661
Operating Expenses				
Instruction	27,577,558	25,191,192	1,487,090	1,481,725
Public service	2,362,043	2,086,618	-	-
Academic support	6,606,951	5,930,049	-	-
Student services	5,848,410	5,050,605	-	-
Scholarships and student aid	1,876,785	1,677,315	-	-
Auxiliary enterprises	888,306	953,030	-	-
Institutional support	14,748,585	13,609,597	-	-
Operation and maintenance	7,620,034	6,914,050	-	-
Depreciation	4,982,257	4,277,462	-	-
Other	-	-	1,397,920	1,463,769
Total operating expenses	72,510,929	65,689,918	2,885,010	2,945,494
Operating Loss	(44,533,025)	(38,698,066)	1,303,611	19,167
Nonoperating Revenues (Expenses)				
Federal Pell grants	18,642,899	14,652,182	-	-
State appropriations	30,766,864	29,579,005	-	-
Investment income	2,228,771	2,218,683	1,625,415	1,632,181
Interest on capital asset related debt	(458,424)	(565,136)	-	-
Loss on disposal of capital assets	-	(5,308)	-	-
Net nonoperating revenues (expenses)	51,180,110	45,879,426	1,625,415	1,632,181
Income - Before state capital appropriations and capital grants	6,647,085	7,181,360	2,929,026	1,651,348
Capital Appropriations from State	5,244,347	3,301,209	-	-
Capital Grants and Gifts	-	250,150	-	-
Change in Net Position	11,891,432	10,732,719	2,929,026	1,651,348
Net Position - Beginning of year, as previously reported	56,419,577	46,856,219	17,056,949	15,405,601
Implementation of GASB No. 101	-	(1,169,361)	-	-
Net Position - Beginning of year, as restated	56,419,577	45,686,858	17,056,949	15,405,601
Net Position - End of year	<u>\$ 68,311,009</u>	<u>\$ 56,419,577</u>	<u>\$ 19,985,975</u>	<u>\$ 17,056,949</u>

Cincinnati State Technical and Community College

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

		<i>Restated</i>
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	\$ 12,567,861	\$ 13,350,401
Federal, state, and local grants and contracts	5,900,231	5,955,630
Payments to suppliers	(14,157,121)	(16,435,461)
Payments to employees	(37,459,043)	(34,380,826)
Payments for utilities	(1,478,878)	(1,129,089)
Payments for benefits	(14,805,496)	(12,785,255)
Payments for scholarships and student financial aid	(1,876,785)	(1,677,315)
Auxiliary enterprises revenue	1,167,349	989,671
Auxiliary enterprises expenses	(888,306)	(953,030)
Sales and services of educational activities	2,048,043	2,069,015
Other receipts	3,904,714	3,942,185
Net cash used in operating activities	<u>(45,077,431)</u>	<u>(41,054,074)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	30,766,864	29,579,005
Pell receipts and disbursements	18,642,899	14,632,762
Federal direct student loan program receipts	20,258,800	19,275,665
Federal direct student loan program disbursements	<u>(20,258,800)</u>	<u>(19,275,665)</u>
Net cash provided by noncapital financing activities	<u>49,409,763</u>	<u>44,211,767</u>
Cash Flows from Capital and Related Financing Activities		
Capital appropriations from the State	5,244,347	3,301,209
Principal payments on bonds	(3,135,000)	(3,025,000)
Interest payments on bonds and financed purchases	(473,270)	(593,474)
Purchase of capital assets	<u>(8,196,735)</u>	<u>(6,214,925)</u>
Net cash used in capital and related financing activities	<u>(6,560,658)</u>	<u>(6,532,190)</u>
Cash Flows from Investing Activities		
Investment income	1,737,909	1,750,582
Purchases of investment securities	(13,744,290)	(11,931,204)
Proceeds from sale and maturities of investment securities	<u>14,201,748</u>	<u>16,436,956</u>
Net cash provided by investing activities	<u>2,195,367</u>	<u>6,256,334</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,959)	2,881,837
Cash and Cash Equivalents - Beginning of year	<u>8,629,639</u>	<u>5,747,802</u>
Cash and Cash Equivalents - End of year	<u>\$ 8,596,680</u>	<u>\$ 8,629,639</u>
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 4,652,788	\$ 5,108,364
Cash with fiscal agent	986,822	649,270
Restricted cash	2,957,070	2,872,005
Total cash and cash equivalents	<u>\$ 8,596,680</u>	<u>\$ 8,629,639</u>

(continued)

Cincinnati State Technical and Community College

Statements of Cash Flows (Continued)

Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (44,533,025)	\$ (38,698,066)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	4,982,257	4,277,462
Provisions for doubtful accounts	1,189,545	1,502,006
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources which (used) provided cash:		
Accounts receivable	(2,162,218)	(2,548,586)
Inventory	(14,439)	24,974
Prepaid and other assets	(604,974)	(78,593)
Net OPEB asset	(161,767)	1,039,952
Deferred outflows of resources - Pension	(1,879,906)	1,401,361
Deferred outflows of resources - OPEB	369,810	(1,081,056)
Accounts payable and accrued expenses	1,268,861	(2,604,195)
Unearned revenue	(227,488)	1,863,636
Compensated absences	265,174	252,717
Deferred inflows of resources - Pension	1,755,207	(2,761,365)
Deferred inflows of resources - OPEB	(269,867)	(2,291,438)
Net pension liability	(3,110,870)	(2,008,153)
Net OPEB liability	(1,943,731)	655,270
Net cash and cash equivalents used in operating activities	\$ (45,077,431)	\$ (41,054,074)

During the year ended June 30, 2024, the College received a donation of equipment valued at \$250,150. These assets are included in capital assets, net of depreciation on the statement of net position. The receipt of these assets did not result in a cash outflow to the College.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Nature of Business

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

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

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

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

Note 2 – Significant Accounting Policies

Basis of Presentation

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

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

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 – Significant Accounting Policies (continued)

- *Restricted - Expendable* - Resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Restricted - Unexpendable* - Resources the College is legally or contractually obligated to retain in perpetuity.
- *Unrestricted* - The unrestricted component of net position represents assets, deferred outflows of resources, liabilities, and deferred inflows of resources whose use by the College is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the board.

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

Cash and Cash Equivalents

In accordance with the State of Ohio and college policy, the College is authorized to invest cash in United States government securities, federal agencies' securities, State of Ohio securities, and certificates of deposit, all of which are stated fair value. The College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The restricted cash balance represents debt service amounts to be paid by the College each year (see Note 7). At June 30, 2025 and 2024, the College had restricted cash of \$2,957,070 and \$2,872,005, respectively.

Accounts Receivable

Accounts receivable are stated at net invoice amounts and consist of amounts due for tuition and fees, grants, collaboration agreement, leases, and state appropriations. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was \$5,057,653 and \$4,826,750 as of June 30, 2025 and 2024, respectively.

Investments

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

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 – Significant Accounting Policies (continued)

Prepaid Assets

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

Capital Assets

Capital assets are recorded at cost at date of acquisition or, in the case of gifts, acquisition value at date of donation. Additions greater than \$15,000 are capitalized for all assets. The cost of normal maintenance and repairs is not capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful life of the asset:

Building and improvements	15 – 60
Equipment and furniture	3 – 20
Land improvements	20
Library books and audio visual	5

Deferred Outflows of Resources

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

Deferred outflows also consist of deferred charges arising from the advance refunding of the 2002 bond issue as the difference between the reacquisition price and the net carrying amount of the old debt. The College recorded deferred outflows of \$122,357 and \$199,880 at June 30, 2025 and 2024, respectively, related to this transaction. See Note 7 for more information.

Unearned Revenue

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 – Significant Accounting Policies (continued)

Compensated Absences

The College adopted GASB Statement No. 101, Compensated Absences. A liability for compensated absences is recorded for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on these criteria, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

A liability for compensated absences is recorded as incurred in the statements of net position using the first-in, first-out flow assumption, where the oldest accumulated leave is used first. The amount accrued is based on leave accumulated and employee wage rates at fiscal year-end, taking into consideration any limits specified in the College's termination policy. The liability for compensated absences includes salary-related benefits, where applicable.

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Inflows of Resources

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

Income Taxes

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

Self-insurance

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 – Significant Accounting Policies (continued)

Grant and Scholarships

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

Operating and Nonoperating Revenue and Expenses

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

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

Release of Restricted Funds

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

Use of Estimates

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

Adoption of New Accounting Pronouncements

As of June 30, 2025, the GASB issued the following statement implemented by the College:

- **Compensated Absences** – In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. This statement resulted in a prior period adjustment. (See Note 19)

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 – Significant Accounting Policies (continued)

- **Certain Risk Disclosures** – GASB Statement No. 102 – 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. This Statement requires a government to assess whether concentrations and constraints may limit the government's ability to acquire resources or control spending and provides for required disclosures, as certain criteria are met, of the government's vulnerability to the risk of a substantial impact. 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 2026, may have on its financial statements.

- **Financial Reporting Model Improvements**– In April 2024, the Governmental Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements. This statement updates the existing financial reporting model to enhance the effectiveness of financial reporting for decision-making and accountability. Key provisions include changes to the Management's Discussion and Analysis (MD&A) requirements, revisions to the presentation of proprietary fund financial statements, the separate presentation of major component units, and the reporting of budgetary comparison information as required supplementary information.
- **Disclosure of Certain Capital Assets**– In April 2024, the Governmental Accounting Standards Board issued GASB Statement No. 104, Disclosure of Certain Capital Assets. This statement requires more detailed note disclosures for specific categories of capital assets, including lease assets, intangible right-to-use assets, subscription-based information technology arrangement assets, other intangible assets, and capital assets held for sale.

Note 3 – Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

At June 30, 2025, the carrying amount of the College's deposits (which consist of cash and restricted cash, excluding cash on hand of \$2,100, deposits held by trustee, and investments) was \$7,607,758 and the bank balance was \$8,057,869. The difference between the carrying amount and the depository bank balance is due principally to outstanding checks and deposits-in-transit. Of the bank balance, \$250,000 is covered by the Federal Deposit Insurance Corporation. At June 30, 2024, the carrying amount of the College's deposits (which consist of cash and restricted cash, excluding cash on hand of \$2,100, deposits held by trustee, and investments) was \$7,978,269 and the bank balance was \$8,698,485.

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, 2025 and 2024 was \$986,822 and 649,270, respectively. This amount is not included in the "cash and cash equivalents" reported above or "investments" reported below.

Investments

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

	2025	2024
U.S. Treasury/Agency Securities	\$ 22,635,434	\$ 22,032,971
Money market funds	703,782	90,180
STAR Ohio funds	16,778,859	17,961,520
	<u>\$ 40,118,075</u>	<u>\$ 40,084,671</u>

Interest Rate Risk

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

As of June 30, 2025, the College's investment maturities were as follows:

	Measurement Value	Less than 1 year	1-5 Years	Percent of Total Portfolio	Credit Rating
U.S. Treasury/Agency Securities	\$ 22,635,434	\$ 6,320,553	\$ 16,314,881	56.4%	Aaa
Money market funds	703,782	703,782	-	1.8%	Aaa-mf
STAR Ohio funds	16,778,859	16,778,859	-	41.8%	AAAm
	<u>\$ 40,118,075</u>	<u>\$ 23,803,194</u>	<u>\$ 16,314,881</u>		

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

As of June 30, 2024, the College's investment maturities were as follows

	Measurement Value	Less than 1 year	1-5 Years	Percent of Total Portfolio	Credit Rating
U.S. Treasury/Agency Securities	\$ 22,032,971	\$ 7,363,030	\$ 14,669,941	55.0%	Aaa
Money market funds	90,180	90,180	-	0.2%	Aaa-mf
STAR Ohio funds	17,961,520	17,961,520	-	44.8%	AAAm
	<u>\$ 40,084,671</u>	<u>\$ 25,414,730</u>	<u>\$ 14,669,941</u>		

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of June 30, 2025 and 2024, the College had no exposure to foreign currency risk.

Note 4 – Fair Value Measurements

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

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 4 – Fair Value Measurements (continued)

The College has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in			Balance at June 30, 2025
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
U.S. Treasury/Agency Securities	\$ -	\$ 22,635,434	\$ -	\$ 22,635,434
Total assets	\$ -	\$ 22,635,434	\$ -	\$ 22,635,434

The College has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in			Balance at June 30, 2024
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
U.S. Treasury/Agency Securities	\$ -	\$ 22,032,971	\$ -	\$ 22,032,971
Total assets	\$ -	\$ 22,032,971	\$ -	\$ 22,032,971

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

Investments on the statement of net position at June 30, 2025 and 2024 include money market investments of \$703,782 and \$90,180, respectively, and investments in STAR Ohio of \$16,778,859 and \$17,961,520, respectively. The money market investments and investments in STAR Ohio are measured at amortized costs or NAV; therefore, they are not included in the tables above.

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.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 5 – Accounts Receivable

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

	2025	2024
Tuition and fees	\$ 10,130,303	\$ 9,232,436
Grant and other	2,038,757	1,733,048
Less allowance for doubtful accounts	(5,057,653)	(4,826,750)
	<u>\$ 7,111,407</u>	<u>\$ 6,138,734</u>

Note 6 – Capital Assets

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

	Balance July 1, 2024	Additions	Transfers and Disposals	Balance at June 30, 2025
Nondepreciable assets:				
Land	\$ 2,272,609	\$ -	\$ -	\$ 2,272,609
Construction in progress	1,306,101	3,690,185	(1,088,179)	3,908,107
Total nondepreciable assets	<u>3,578,710</u>	<u>3,690,185</u>	<u>(1,088,179)</u>	<u>6,180,716</u>
Depreciable assets:				
Building and improvements	146,737,358	1,234,496	-	147,971,854
Equipment and furniture	18,409,563	2,508,954	(139,584)	20,778,933
Land improvements	3,121,210	1,823,961	-	4,945,171
Library books and audio visual	1,377,407	27,318	(17,749)	1,386,976
Total depreciable assets	<u>169,645,538</u>	<u>5,594,729</u>	<u>(157,333)</u>	<u>175,082,934</u>
Accumulated depreciation:				
Building and improvements	79,244,349	3,063,852	-	82,308,201
Equipment and furniture	9,681,995	1,709,536	(139,584)	11,251,947
Land improvements	2,510,716	127,970	-	2,638,686
Library books and audio visual	1,117,215	80,899	(17,749)	1,180,365
Total accumulated depreciation	<u>92,554,275</u>	<u>4,982,257</u>	<u>(157,333)</u>	<u>97,379,199</u>
Net capital assets, depreciable	<u>77,091,263</u>	<u>612,472</u>	<u>-</u>	<u>77,703,735</u>
Net capital assets	<u>\$ 80,669,973</u>	<u>\$ 4,302,657</u>	<u>\$ (1,088,179)</u>	<u>\$ 83,884,451</u>

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 – Capital Assets (continued)

	Balance July 1, 2023	Additions	Transfers and Disposals	Balance at June 30, 2024
Nondepreciable assets:				
Land	\$ 2,272,609	\$ -	\$ -	\$ 2,272,609
Construction in progress	2,876,804	2,471,401	(4,042,104)	1,306,101
Total nondepreciable assets	5,149,413	2,471,401	(4,042,104)	3,578,710
Depreciable assets:				
Building and improvements	144,835,172	1,902,186	-	146,737,358
Equipment and furniture	12,777,760	5,657,318	(25,515)	18,409,563
Land improvements	2,675,389	445,821	-	3,121,210
Library books and audio visual	1,348,385	30,453	(1,431)	1,377,407
Total depreciable assets	161,636,706	8,035,778	(26,946)	169,645,538
Accumulated depreciation:				
Building and improvements	76,187,094	3,057,255	-	79,244,349
Equipment and furniture	8,643,012	1,059,190	(20,207)	9,681,995
Land improvements	2,423,733	86,983	-	2,510,716
Library books and audio visual	1,044,612	74,034	(1,431)	1,117,215
Total accumulated depreciation	88,298,451	4,277,462	(21,638)	92,554,275
Net capital assets, depreciable	73,338,255	3,758,316	(5,308)	77,091,263
Net capital assets	\$ 78,487,668	\$ 6,229,717	\$ (4,047,412)	\$ 80,669,973

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 – Long-term Debt

Long-term debt activity for the year ended June 30, 2025 and 2024 can be summarized as follows:

	2025			Balance at June 30, 2025	Due Within One Year
	Balance July 1, 2024	Additions	Reductions		
Bonds payable:					
General receipts bonds	\$ 15,800,000	\$ -	\$ (3,135,000)	\$ 12,665,000	\$ 3,245,000
Bond premium	180,039	-	(69,828)	110,211	53,122
Total bonds payable	15,980,039	-	(3,204,828)	12,775,211	3,298,122
Compensated absences	3,223,920	265,174 *	-	3,489,094	1,352,112
Total	\$ 19,203,959	\$ 265,174	\$ (3,204,828)	\$ 16,264,305	\$ 4,650,234

* the change in compensated absences above is a net change for the year

	2024			Balance at June 30, 2024 (Restated)	Due Within One Year
	Balance July 1, 2023 (Restated)	Additions	Reductions		
Bonds payable:					
General receipts bonds	\$ 18,825,000	\$ -	\$ (3,025,000)	\$ 15,800,000	\$ 3,135,000
Bond premium	266,002	-	(85,963)	180,039	69,828
Total bonds payable	19,091,002	-	(3,110,963)	15,980,039	3,204,828
Compensated absences	2,971,203	252,717 *	-	3,223,920	1,300,284
Total	\$ 22,062,205	\$ 252,717	\$ (3,110,963)	\$ 19,203,959	\$ 4,505,112

* the change in compensated absences above is a net change for the year

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

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 – Long-term Debt (continued)

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

The annual debt service requirements to maturity for the above bond obligations are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 3,245,000	\$ 354,513	\$ 3,599,513
2027	3,370,000	235,288	3,605,288
2028	3,460,000	132,838	3,592,838
2029	2,590,000	40,469	2,630,469
Total	\$ 12,665,000	\$ 763,108	\$ 13,428,108

Note 8 – Employee Benefit Plans

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

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

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers were required to remit employer contributions to STRS Ohio at a rate of 2.91 percent for the years ended June 30, 2025 and 2024. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting. The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the years ended June 30, 2025 and 2024 were \$319,328 and \$280,312, respectively.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 9 – Compensated Absences

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

Leave days may be accumulated and are absorbed by time off due to illness or injury, or, within certain limitations, paid to the employee upon retirement or termination. The amount paid to an employee upon retirement or termination is limited to one-third of the accumulated leave days up to a maximum payout of 65 days. Full-time employees who are not in the College's American Association of University Professors bargaining unit and were hired on or after March 1, 1990 are entitled to a maximum payout of 30 days.

Contract employees earn 20 days of vacation leave each year. Noncontract employees earn 10 days of vacation leave after one full year of service, 15 days after five years, and 20 days after 10 years. Upon retirement or termination, an employee is entitled to payment for all accrued vacation days up to a maximum of three times the annual vacation leave earned.

Note 10 – Grants and Contracts

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

Note 11 – Auxiliary Enterprises

Revenue and expenses of the College's auxiliary enterprises for the year ended June 30, 2025 consist of the following:

	Parking	Food Services	Airport	MCI	Total
Revenue	\$ 488,449	\$ 77,632	\$ 362,181	\$ 239,087	\$ 1,167,349
Expenses	(54,803)	(117,000)	(338,253)	(378,250)	(888,306)
Excess (deficiency) of revenue over expenses	\$ 433,646	\$ (39,368)	\$ 23,928	\$ (139,163)	\$ 279,043

Revenue and expenses of the College's auxiliary enterprises for the year ended June 30, 2024 consist of the following:

	Parking	Food Services	Airport	MCI	Total
Revenue	\$ 386,087	\$ 88,452	\$ 327,286	\$ 187,846	\$ 989,671
Expenses	(71,429)	(135,306)	(392,468)	(353,827)	(953,030)
Excess (deficiency) of revenue over expenses	\$ 314,658	\$ (46,854)	\$ (65,182)	\$ (165,981)	\$ 36,641

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 12 – Restricted Net Position

The balance in restricted net position that is expendable for use of the debt service facility fee for the year ended June 30, 2025 and 2024 are \$2,851,273 and \$2,743,667, respectively. Additionally, the balance in restricted net position that is expendable for other postemployment benefits for the year ended June 30, 2025 and 2024 are \$2,834,022 and \$2,672,255, respectively.

Note 13 – Risk Management

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

Medical/surgical, dental, and vision insurance is offered to employees through a self-insurance program. Beginning July 1, 2020, the College changed from its previous self-insurance program to being a member of the JHP Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to a fiscal agent who in turn pays the claims on the College's behalf. The claims liability of \$967,446 and \$732,941 reported in accrued liabilities and other in the statement of net position at June 30, 2025 and 2024, 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 the estimated liability for fiscal years ended June 30, 2025, 2024 and 2023 were as follows:

	Health Claims		
	2025	2024	2023
Unpaid claims - beginning of year	\$ 732,941	\$ 726,992	\$ 819,313
Incurred claims, including claims incurred but not reported	6,788,589	5,427,823	5,555,323
Claim payments	(6,554,084)	(5,421,874)	(5,647,644)
Total	<u>\$ 967,446</u>	<u>\$ 732,941</u>	<u>\$ 726,992</u>

Note 14 – Pending Litigation

The College is named a party to a number of lawsuits in the normal course of business. The College is unable to reasonably estimate the value or assess the probability of any outcomes and, therefore, did not record an accrual at June 30, 2025 or 2024. It is possible that these lawsuits could have a material adverse effect on the College's financial position or results of operations.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 15 – Component Unit

The College is the sole beneficiary of the Cincinnati State Technical and Community College Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate board of trustees, organized for the purpose of promoting educational activities. Amounts received by the College from the Foundation in the form of private gifts, grants, and contracts amounted to \$2,194,297 and \$2,110,274 for the years ended June 30, 2025 and 2024, respectively.

Investments

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

	2025	2024
Cash equivalents	\$ 463,551	\$ 955,236
Equity securities	10,234,082	8,314,567
Debt securities	2,435,901	3,720,722
Real estate investments	-	29,870
Alternative investments	1,718,540	650,333
Total	<u>\$ 14,852,074</u>	<u>\$ 13,670,728</u>

Fair Value Measurements

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

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

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

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

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

The following table presents information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Foundation to determine those fair values.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 15 – Component Unit (continued)

The Foundation has the following recurring fair value measurements as of June 30, 2025 and 2024:

Assets Measured at Fair Value on a Recurring Basis				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Equities - common stocks	\$ 1,452,482	-	-	1,452,482
Equities - mutual funds	8,781,600	-	-	8,781,600
Fixed income - mutual funds	2,435,901	-	-	2,435,901
Alternative mutual funds	1,718,540	-	-	1,718,540
	<u>\$ 14,388,523</u>	<u>-</u>	<u>-</u>	<u>14,388,523</u>

	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
Equities - common stocks	\$ 994,511	-	-	994,511
Equities - mutual funds	7,320,056	-	-	7,320,056
Fixed income - mutual funds	3,720,722	-	-	3,720,722
Real estate mutual funds	29,870	-	-	29,870
Alternative mutual funds	650,333	-	-	650,333
	<u>\$ 12,715,492</u>	<u>-</u>	<u>-</u>	<u>12,715,492</u>

Net Assets with Donor Restrictions

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

	2025	2024
Pledges receivable - net	\$ 1,428,292	1,661,395
Special purpose funds	4,280,480	3,950,653
Endowment funds - temporary portion	3,663,884	3,440,702
Endowment funds - perpetual portion	<u>7,652,648</u>	<u>7,363,034</u>
Total	<u>\$ 17,025,304</u>	<u>16,415,784</u>

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal years ended June 30, 2025 and 2024, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund).

The College's contractually required contribution to SERS was \$1,929,066 and \$1,744,017 for fiscal years 2025 and 2024, respectively. Of this amount, \$91,484 and \$75,101 is reported in accrued liabilities for fiscal years 2025 and 2024, respectively.

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.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to May 31, 2025, 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 29 years of service credit at any age; or 5 years of service credit and age 60. Effective June 1, 2025 to July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age or 5 years of service credit and age 65. Effective on or after August 1, 2027, 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 29 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.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal years ended June 30, 2025 and 2024, plan members were required to contribute 14% of their annual covered salary. The College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2025 and 2024 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was \$3,000,814 and \$2,871,678 for fiscal years 2025 and 2024, respectively. Of this amount, \$165,600 and \$132,385 is reported in accrued liabilities for fiscal years 2025 and 2024, respectively.

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

The net pension liability measured as of June 30, 2024 and June 30, 2023, and 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 2025 and 2024:

Fiscal Year 2025	SERS	STRS	Total
Proportionate Share of Net Pension Liability	\$ 14,041,243	\$ 28,748,886	\$ 42,790,129
Proportion of Net Pension Liability	0.274479078%	0.149409932%	
Change in Proportion	-0.020729861%	0.012009101%	
Pension Expense	\$ 1,142,182	\$ 552,129	\$ 1,694,311
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 536,082	\$ 1,810,428	\$ 2,346,510
Change in assumptions	125,609	1,324,907	1,450,516
Difference in employer contributions and proportionate share of contributions	-	2,100,948	2,100,948
College contributions subsequent to the measurement date	1,929,066	3,000,814	4,929,880
	<u>\$ 2,590,757</u>	<u>\$ 8,237,097</u>	<u>\$ 10,827,854</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ (15,743)	\$ (15,743)
Net difference between projected and actual earnings on pension plan investments	(878,272)	(2,471,820)	(3,350,092)
Change in assumptions	-	(997,274)	(997,274)
Difference in employer contributions and proportionate share of contributions	(945,384)	(1,157,182)	(2,102,566)
	<u>\$ (1,823,656)</u>	<u>\$ (4,642,019)</u>	<u>\$ (6,465,675)</u>

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

<u>Fiscal Year 2024</u>	SERS	STRS	Total
Proportionate Share of Net Pension Liability	\$ 16,311,816	\$ 29,589,183	\$ 45,900,999
Proportion of Net Pension Liability	0.295208939%	0.137400831%	
Change in Proportion	-0.001324759%	-0.005964538%	
Pension Expense	\$ 821,034	\$ 426,504	\$ 1,247,538
 Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 701,119	\$ 1,078,758	\$ 1,779,877
Change in assumptions	115,546	2,436,830	2,552,376
College contributions subsequent to the measurement date	1,744,017	2,871,678	4,615,695
	<u>\$ 2,560,682</u>	<u>\$ 6,387,266</u>	<u>\$ 8,947,948</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ (65,659)	\$ (65,659)
Net difference between projected and actual earnings on pension plan investments	(229,277)	(88,681)	(317,958)
Change in assumptions	-	(1,834,232)	(1,834,232)
Difference in employer contributions and proportionate share of contributions	(80,615)	(2,412,004)	(2,492,619)
	<u>\$ (309,892)</u>	<u>\$ (4,400,576)</u>	<u>\$ (4,710,468)</u>

\$4,929,880 reported as deferred outflows of resources related to pension at June 30, 2025 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (1,031,321)	\$ (1,783,252)	\$ (2,814,573)
2027	527,631	2,896,890	3,424,521
2028	(400,016)	(471,553)	(871,569)
2029	(258,259)	(47,821)	(306,080)
	<u>\$ (1,161,965)</u>	<u>\$ 594,264</u>	<u>\$ (567,701)</u>

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions – SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations, prepared as of June 30, 2024 and 2023, are presented below:

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

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class for the most recent valuation periods are summarized in the following table:

Asset Class	June 30, 2024		June 30, 2023	
	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	Long Term Expected Real Rate of Return
Cash	3.00 %	0.97 %	2.00 %	0.75 %
U.S. Equity	22.00	4.68	24.75	4.82
Non-U.S. Equity Developed	12.00	4.96	13.50	5.19
Non-U.S. Equity Emerging	6.00	5.66	6.75	5.98
Fixed Income/Global Bonds	18.00	2.38	19.00	2.24
Private Equity	14.00	7.10	12.00	7.49
Real Estate/Real Assets	13.00	3.64	17.00	3.70
Infrastructure	7.00	4.80	-	n/a
Private Debt/Private Credit	5.00	5.86	5.00	5.64
Total	<u>100.00 %</u>		<u>100.00 %</u>	

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Fiscal Year 2025</u>			
College's proportionate share of the net pension liability	\$ 21,481,156	\$ 14,041,243	\$ 7,777,235
<u>Fiscal Year 2024</u>			
College's proportionate share of the net pension liability	\$ 24,075,405	\$ 16,311,816	\$ 9,772,468

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2024 and 2023 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%

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, 2024 and 2023 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.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

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

Asset Class	June 30, 2024		June 30, 2023	
	Target Allocation*	Long Term Expected Real Rate of Return**	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	26.00 %	6.90 %	26.00 %	6.60 %
International Equity	22.00	7.70	22.00	6.80
Alternatives	19.00	9.10	19.00	7.38
Fixed Income	22.00	4.50	22.00	1.75
Real Estate	10.00	5.10	10.00	5.75
Liquidity Reserves	1.00	2.40	1.00	1.00
Total	<u>100.00 %</u>		<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4% and 2.25% for the 2024 and 2023 valuation periods, respectively, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management

Assumption and benefit changes since the prior measurement date include: retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages, and demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. 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, 2024 and 2023.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 – Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Fiscal Year 2025</u>			
College's proportionate share of the net pension liability	\$ 46,376,989	\$ 28,748,886	\$ 13,838,537
<u>Fiscal Year 2024</u>			
College's proportionate share of the net pension liability	\$ 45,501,615	\$ 29,589,183	\$ 16,131,620

Note 17 – Postemployment Benefits Other than Pensions (OPEB)

Net OPEB Liability (Asset)

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

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

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

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description – SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Funding Policy – The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. SERS' goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, SERS shall manage the Health Care Fund on a pay-as-you-go basis.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal years 2025 and 2024, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years 2025 and 2024, the minimum compensation amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years 2025 and 2024, the College's surcharge obligation was \$91,023 and \$78,179, respectively.

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

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.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS to recover part of the cost for providing prescription coverage since all eligible STRS health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal years ended June 30, 2025 and 2024, no employer allocation was made to the health care fund.

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

The net OPEB liability (asset) was measured as of June 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates. 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. The following is information related to the College's proportionate share and OPEB expense for fiscal year 2025:

	SERS	STRS	Total
Proportionate Share of Net OPEB			
Liability (Asset)	\$ 2,655,401	\$ (2,834,022)	\$ (178,621)
Proportion of Net OPEB Liability (Asset)	0.260717985%	0.149409932%	
Change in Proportion	-0.018449515%	0.012009101%	
OPEB Expense (Negative)	\$ (1,161,201)	\$ (753,331)	\$ (1,914,532)

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 123,200	\$ 123,200
Net difference between projected and actual earnings on OPEB plan investments	12,964	-	12,964
Change in assumptions	1,139,696	348,829	1,488,525
Difference in employer contributions and proportionate share of contributions	-	26,227	26,227
College contributions subsequent to the measurement date	91,023	-	91,023
	<u>\$ 1,243,683</u>	<u>\$ 498,256</u>	<u>\$ 1,741,939</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ (2,863,212)	\$ (305,410)	\$ (3,168,622)
Net difference between projected and actual earnings on OPEB plan investments	-	(121,686)	(121,686)
Change in assumptions	(1,219,794)	(1,278,126)	(2,497,920)
Difference in employer contributions and proportionate share of contributions	(1,789,695)	(94,156)	(1,883,851)
	<u>\$ (5,872,701)</u>	<u>\$ (1,799,378)</u>	<u>\$ (7,672,079)</u>

The following is information related to the College's proportionate share and OPEB expense for fiscal year 2024:

	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	\$ 4,599,132	\$ (2,672,255)	\$ 1,926,877
Proportion of Net OPEB Liability (Asset)	0.279167500%	0.137400831%	
Change in Proportion	-0.001732247%	-0.005964538%	
OPEB Expense (Negative)	\$ (1,268,292)	\$ (330,801)	\$ (1,599,093)

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 9,581	\$ 4,166	\$ 13,747
Net difference between projected and actual earnings on OPEB plan investments	35,644	4,770	40,414
Change in assumptions	1,555,102	393,665	1,948,767
Difference in employer contributions and proportionate share of contributions	-	30,642	30,642
College contributions subsequent to the measurement date	78,179	-	78,179
	<u>\$ 1,678,506</u>	<u>\$ 433,243</u>	<u>\$ 2,111,749</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ (2,371,943)	\$ (407,585)	\$ (2,779,528)
Change in assumptions	(1,306,197)	(1,763,115)	(3,069,312)
Difference in employer contributions and proportionate share of contributions	(1,937,877)	(155,229)	(2,093,106)
	<u>\$ (5,616,017)</u>	<u>\$ (2,325,929)</u>	<u>\$ (7,941,946)</u>

\$91,023 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or addition to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (1,316,212)	\$ (459,329)	\$ (1,775,541)
2027	(932,047)	(200,271)	(1,132,318)
2028	(649,838)	(250,256)	(900,094)
2029	(458,801)	(232,698)	(691,499)
2030	(454,897)	(189,448)	(644,345)
Thereafter	(908,246)	30,880	(877,366)
	<u>\$ (4,720,041)</u>	<u>\$ (1,301,122)</u>	<u>\$ (6,021,163)</u>

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2024 and 2023, are presented below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Wage Inflation	2.40%	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%	3.25% to 13.58%
Municipal Bond Index Rate:		
Current measurement period	3.93%	3.86%
Prior measurement period	3.86%	3.69%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Current measurement period	4.88%	4.27%
Prior measurement period	4.27%	4.08%
Medical Trend Assumption:	7.00% - 4.40%	6.75% - 4.40%

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	June 30, 2024		June 30, 2023	
	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	Long Term Expected Real Rate of Return
Cash	3.00 %	0.97 %	2.00 %	0.75 %
U.S. Equity	22.00	4.68	24.75	4.82
Non-U.S. Equity Developed	12.00	4.96	13.50	5.19
Non-U.S. Equity Emerging	6.00	5.66	6.75	5.98
Fixed Income/Global Bonds	18.00	2.38	19.00	2.24
Private Equity	14.00	7.10	12.00	7.49
Real Estate/Real Assets	13.00	3.64	17.00	3.70
Infrastructure	7.00	4.80	-	n/a
Private Debt/Private Credit	5.00	5.86	5.00	5.64
Total	<u>100.00 %</u>		<u>100.00 %</u>	

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2024 was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024 was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for fiscal years 2025 and 2024, calculated using the discount rate of 4.88% and 4.27%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.88% and 3.27%) and one percentage point higher (5.88% and 5.27%) than the current rate used, all respectively:

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
<u>Fiscal Year 2025</u>			
College's proportionate share of the net OPEB liability	\$ 3,540,882	\$ 2,655,401	\$ 1,951,766
	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
<u>Fiscal Year 2024</u>			
College's proportionate share of the net OPEB liability	\$ 5,879,006	\$ 4,599,132	\$ 3,589,898

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current rates:

	1% Decrease (6.00% decreasing to 3.40%)	Current Discount Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
<u>Fiscal Year 2025</u>			
College's proportionate share of the net OPEB liability	\$ 1,741,951	\$ 2,655,401	\$ 3,786,391
	1% Decrease (5.75% decreasing to 3.40%)	Current Discount Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
<u>Fiscal Year 2024</u>			
College's proportionate share of the net OPEB liability	\$ 3,378,823	\$ 4,599,132	\$ 6,216,206

Actuarial Assumptions – STRS

The total OPEB asset in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.00%	
Investment rate of return	7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare		
Current measurement period	7.50%	3.94%
Prior measurement period	7.50%	4.14%
Medicare		
Current measurement period	-112.22%	3.94%
Prior measurement period	-10.94%	4.14%
Prescription Drug		
Pre-Medicare		
Current measurement period	8.00%	3.94%
Prior measurement period	-11.95%	4.14%
Medicare		
Current measurement period	-15.14%	3.94%
Prior measurement period	1.33%	4.14%

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

The total OPEB asset in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.00%	
Investment rate of return	7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare		
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, 2024 and 2023 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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 17 – Postemployment Benefits Other than Pensions (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	June 30, 2024		June 30, 2023	
	Target Allocation*	Long Term Expected Real Rate of Return**	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	26.00 %	6.90 %	26.00 %	6.60 %
International Equity	22.00	7.70	22.00	6.80
Alternatives	19.00	9.10	19.00	7.38
Fixed Income	22.00	4.50	22.00	1.75
Real Estate	10.00	5.10	10.00	5.75
Liquidity Reserves	1.00	2.40	1.00	1.00
Total	100.00 %		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 2.4% and 2.25% for the 2024 and 2023 valuation periods, respectively, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Benefit term changes since the prior measurement date include healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024 and 2023. 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, 2024. 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, 2024 and 2023

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

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

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 2025 and 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate used.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Fiscal Year 2025</u>			
College's proportionate share of the net OPEB asset	\$ 2,304,246	\$ 2,834,022	\$ 3,295,040
<u>Fiscal Year 2024</u>			
College's proportionate share of the net OPEB asset	\$ 2,261,715	\$ 2,672,255	\$ 3,029,794

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

	1% Decrease In Trend Rates	Current Trend Rate	1% Increase In Trend Rates
<u>Fiscal Year 2025</u>			
College's proportionate share of the net OPEB asset	\$ 3,326,182	\$ 2,834,022	\$ 2,242,134
<u>Fiscal Year 2024</u>			
College's proportionate share of the net OPEB asset	\$ 3,046,385	\$ 2,672,255	\$ 2,221,624

Note 18 – Contingencies

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

Cincinnati State Technical and Community College

Notes to Financial Statements

June 30, 2025 and 2024

Note 19 – Change in Accounting Principles and Restatement

Nature of Change

During the fiscal year ended June 30, 2025, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which requires recognition of liabilities for leave attributable to services already rendered and more likely than not to be used or paid.

Method of Application

In accordance with GASB Statement No. 100, the change has been applied retroactively. Comparative statements for fiscal year 2024 have been restated.

Adjustment to and Restatement of Beginning Net Position

Net Position at June 30, 2023	\$ 46,856,219
Adjustment for Implementation of GASB No. 101	(1,169,361)
Restated Net Position at July 1, 2024	<u>\$ 45,686,858</u>

Adjustments to and Restatements of Prior Year Ending Balances

	Accrued compensated absences, current	Accrued compensated absences, noncurrent	Total liabilities
Balances at June 30, 2024, as previously reported	\$ 1,892,344	\$ -	\$ 79,863,500
Adjustments for Implementation of GASB No. 101	(592,060)	1,923,636	1,331,576
Balances at June 30, 2024, as restated	<u>\$ 1,300,284</u>	<u>\$ 1,923,636</u>	<u>\$ 81,195,076</u>
	Operating expenses, Institutional support	Total operating expenses	Change in net position
Balances at June 30, 2024, as previously reported	\$ 13,447,382	\$ 65,527,703	\$ 10,894,934
Adjustments for Implementation of GASB No. 101	162,215	162,215	(162,215)
Balances at June 30, 2024, as restated	<u>\$ 13,609,597</u>	<u>\$ 65,689,918</u>	<u>\$ 10,732,719</u>

Required Supplementary Information

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

Measurement Date Fiscal Year (1)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.531580%	\$ 30,332,704	\$ 17,016,821	178.25%	69.16%
2017	0.494530%	36,195,370	16,946,914	213.58%	62.98%
2018	0.525801%	31,415,472	15,613,571	201.21%	69.50%
2019	0.408164%	23,376,300	13,824,319	169.10%	71.36%
2020	0.356091%	21,305,522	12,451,681	171.11%	70.85%
2021	0.345629%	22,860,643	11,662,064	196.03%	68.55%
2022	0.298106%	10,999,242	10,289,850	106.89%	82.86%
2023	0.296534%	16,038,850	11,077,214	144.79%	75.82%
2024	0.295209%	16,311,816	11,711,721	139.28%	76.06%
2025	0.274479%	14,041,243	12,457,264	112.72%	78.52%

(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
2016	\$ 2,372,568	\$ (2,372,568)	\$ -	\$ 16,946,914	14.00%
2017	2,185,900	(2,185,900)	-	15,613,571	14.00%
2018	1,866,283	(1,866,283)	-	13,824,319	13.50%
2019	1,680,977	(1,680,977)	-	12,451,681	13.50%
2020	1,632,689	(1,632,689)	-	11,662,064	14.00%
2021	1,440,579	(1,440,579)	-	10,289,850	14.00%
2022	1,550,810	(1,550,810)	-	11,077,214	14.00%
2023	1,639,641	(1,639,641)	-	11,711,721	14.00%
2024	1,744,017	(1,744,017)	-	12,457,264	14.00%
2025	1,929,066	(1,929,066)	-	13,779,043	14.00%

See accompanying notes to the required supplementary information.

Cincinnati State Technical and Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
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
2016	0.236330%	\$ 65,314,417	\$ 24,256,614	269.26%	72.09%
2017	0.210860%	70,579,678	23,318,900	302.67%	66.78%
2018	0.202144%	48,019,797	22,633,264	212.16%	75.29%
2019	0.183692%	40,389,819	21,400,579	188.73%	77.31%
2020	0.166237%	36,762,313	19,153,329	191.94%	77.40%
2021	0.151834%	36,738,460	17,998,407	204.12%	75.48%
2022	0.145683%	18,626,906	17,661,829	105.46%	87.78%
2023	0.143365%	31,870,302	18,329,200	173.88%	78.88%
2024	0.137401%	29,589,183	18,363,636	161.13%	80.02%
2025	0.149410%	28,748,886	20,511,986	140.16%	82.55%

(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
2016	\$ 3,264,646	\$ (3,264,646)	\$ -	\$ 23,318,900	14.00%
2017	3,168,657	(3,168,657)	-	22,633,264	14.00%
2018	2,996,081	(2,996,081)	-	21,400,579	14.00%
2019	2,681,466	(2,681,466)	-	19,153,329	14.00%
2020	2,519,777	(2,519,777)	-	17,998,407	14.00%
2021	2,472,656	(2,472,656)	-	17,661,829	14.00%
2022	2,566,088	(2,566,088)	-	18,329,200	14.00%
2023	2,570,909	(2,570,909)	-	18,363,636	14.00%
2024	2,871,678	(2,871,678)	-	20,511,986	14.00%
2025	3,000,814	(3,000,814)	-	21,434,386	14.00%

See accompanying notes to the required supplementary information.

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

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability	College's Proportionate Share of the Net OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.494535%	\$ 13,878,502	\$ 16,946,914	81.89%	11.49%
2018	0.486902%	13,067,165	15,613,571	83.69%	12.46%
2019	0.394307%	10,939,128	13,824,319	79.13%	13.57%
2020	0.342445%	8,611,784	12,451,681	69.16%	15.57%
2021	0.328440%	7,138,068	11,662,064	61.21%	18.17%
2022	0.279601%	5,291,680	10,289,850	51.43%	24.08%
2023	0.280900%	3,943,862	11,077,214	35.60%	30.34%
2024	0.279168%	4,599,132	11,711,721	39.27%	30.02%
2025	0.260718%	2,655,401	12,457,264	21.32%	44.50%

(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	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 87,873	\$ (87,873)	\$ -	\$ 16,946,914	0.52%
2017	80,959	(80,959)	-	15,613,571	0.52%
2018	785,193	(785,193)	-	13,824,319	5.68%
2019	165,935	(165,935)	-	12,451,681	1.33%
2020	68,067	(68,067)	-	11,662,064	0.58%
2021	51,329	(51,329)	-	10,289,850	0.50%
2022	69,342	(69,342)	-	11,077,214	0.63%
2023	71,343	(71,343)	-	11,711,721	0.61%
2024	78,179	(78,179)	-	12,457,264	0.63%
2025	91,023	(91,023)	-	13,779,043	0.66%

(3) Includes Surcharge.

See accompanying notes to the required supplementary information.

Cincinnati State Technical and Community College

Required Supplementary Information

Schedules of College's Proportionate Share of the Net OPEB Liability (Asset)

and College OPEB Contributions

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.210716%	\$ 11,269,138	\$ 23,318,900	48.33%	37.33%
2018	0.202144%	7,886,922	22,633,264	34.85%	47.11%
2019	0.183692%	(2,951,749)	21,400,579	(13.79%)	176.00%
2020	0.166237%	(2,753,283)	19,153,329	(14.37%)	174.74%
2021	0.151834%	(2,668,482)	17,998,407	(14.83%)	182.13%
2022	0.145683%	(3,071,612)	17,661,829	(17.39%)	174.73%
2023	0.143365%	(3,712,207)	18,329,200	(20.25%)	230.73%
2024	0.137401%	(2,672,255)	18,363,636	(14.55%)	168.52%
2025	0.149410%	(2,834,022)	20,511,986	(13.82%)	158.01%

(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	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	23,318,900	0.00%
2017	-	-	-	22,633,264	0.00%
2018	-	-	-	21,400,579	0.00%
2019	-	-	-	19,153,329	0.00%
2020	-	-	-	17,998,407	0.00%
2021	-	-	-	17,661,829	0.00%
2022	-	-	-	18,329,200	0.00%
2023	-	-	-	18,363,636	0.00%
2024	-	-	-	20,511,986	0.00%
2025	-	-	-	21,434,386	0.00%

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

See accompanying notes to the required supplementary information.

Cincinnati State Technical and Community College

Notes to Required Supplementary Information Year End June 30, 2025

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms and Funding Terms

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

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

Changes of Assumptions

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

For measurement year 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement years 2022 through 2024, COLAs were increased from 2.00% to 2.50% in the subsequent calendar years.

Notes to OPEB Information

Changes of Benefit Terms and Funding Terms

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

Changes of Assumptions

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

For measurement year 2017, the discount rate was reduced from 2.98% to 3.63%.

Cincinnati State Technical and Community College

Notes to Required Supplementary Information

Year End June 30, 2025

For measurement year 2018, the discount rate was increased from 3.63% to 3.70% and health care trend rates were updated.

For measurement year 2019, the discount rate was reduced from 3.70% to 3.22% and health care trend rates were updated.

For measurement year 2020, the discount rate was reduced from 3.22% to 2.63%.

For measurement year 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the COLA was reduced from 2.50% to 2.00%, the discount rate was reduced from 2.63% to 2.27%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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

For measurement year 2023, the discount rate was changed from 4.08% to 4.27%, health care trend rates were updated, assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%, health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge, assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility, and morbidity factors were updated based on the Society of Actuaries' June 2013 research report, Health Care Cost—From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

For measurement year 2024, the discount rate was increased from 4.27% to 4.88% and health care trend rates were updated.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms and Funding Terms

For measurement year 2017, the cost-of-living adjustment (COLA) was reduced to zero.

Changes of Assumptions

For measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled 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%.

Cincinnati State Technical and Community College

Notes to Required Supplementary Information Year End June 30, 2025

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

For measurement year 2024, retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Notes to OPEB Information

Changes of Benefit Terms and Funding Terms

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

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

For measurement year 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims cost process. Claims 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 calendar year 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, health care trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For measurement year 2024, health care trends were updated to reflect emerging claims and experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

Cincinnati State Technical and Community College

Notes to Required Supplementary Information Year End June 30, 2025

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, health care trends were updated to reflect emerging claims and recoveries experience.

Supplemental Information



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Cincinnati State Technical and Community College (the College), as of and for the year ended June 30, 2025, 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 15, 2025.

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 15, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cincinnati State Technical and Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. 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, 2025.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon, dated October 15, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 16, 2025

Cincinnati State Technical and Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
<u>U.S. Department of Education</u>			
<u>Student Financial Assistance Cluster:</u>			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	\$ 260,400
Federal Work-Study Program	84.033	(1)	342,804
Federal Pell Grant Program	84.063	(1)	18,642,899
Federal Direct Student Loans	84.268	(1)	20,258,800
Total Student Financial Assistance Cluster			<u>39,504,903</u>
<u>TRIO Cluster:</u>			
TRIO - Student Support Services	84.042A	(1)	329,892
TRIO - Upward Bound	84.047A	(1)	287,086
Total TRIO Cluster			<u>616,978</u>
<u>Special Education Cluster (IDEA)</u>			
<i>Passed through the University of Cincinnati:</i>			
Special Education Grants to States	84.027	N/A	5,480
Total Special Education Cluster (IDEA)			<u>5,480</u>
<i>Passed through the Ohio Department of Education:</i>			
Career and Technical Education - Basic Grants to States	84.048A	V048A190035	336,151
Child Care Access Means Parents in School	84.335A	(1)	365,531
<i>Passed through the University of Toledo:</i>			
Child Care Access Means Parents in School	84.335	N/A	8,100
Total C-CAMPIS			<u>373,631</u>
Total U.S. Department of Education			<u>40,837,143</u>
<u>Research and Development Cluster:</u>			
<u>U.S. Department of Defense</u>			
National Defense Education Program	12.006	(1)	88,453
Total U.S. Department of Defense			<u>88,453</u>
<u>National Aeronautics and Space Administration</u>			
<i>Passed through the Ohio Aerospace Institute</i>			
Office of Stem Engagement (OSTEM)	43.008	NNX14AR49A	8,080
Total National Aeronautics and Space Administration			<u>8,080</u>
<u>National Science Foundation</u>			
<i>Passed through the University of Cincinnati:</i>			
NSF Technology, Innovation, and Partnerships	47.084	N/A	19,744
Total National Science Foundation			<u>19,744</u>
<u>U.S. Department of Education</u>			
Higher Education Institutional Aid	84.031	(1)	413,712
Fund for the Improvement of Postsecondary Education	84.116Z	(1)	165,025
<i>Passed through the University of Toledo:</i>			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	N/A	19,072
Total U.S. Department of Education			<u>597,809</u>
Total Research and Development Cluster			<u>\$ 714,086</u>

(continued)

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

Cincinnati State Technical and Community College
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
<u>U.S. Department of Labor</u>			
<i>Passed through Miami University:</i>			
WIOA National Dislocated Worker Grants /			
WIA National Emergency Grants	17.277	DW-39206-22-60-A-39	\$ 141,762
Total U.S. Department of Labor			<u>141,762</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	(1)	142,100
Aviation Maintenance Technical Workforce Grant Program	20.112	(1)	<u>425,745</u>
Total U.S. Department of Transportation			<u>567,845</u>
<u>U.S. Department of the Treasury</u>			
<i>Passed through Economic & Community Development Institute:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery			
Funds	21.027	N/A	9,499
<i>Passed through Hamilton County:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery			
Funds	21.027	N/A	<u>721,431</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>730,930</u>
Total U.S. Department of the Treasury			<u>730,930</u>
<u>U.S. Department of Health and Human Services</u>			
Chafee Education and Training Vouchers Program (ETV)	93.599	(1)	<u>5,000</u>
Total U.S. Department of Health and Human Services			<u>5,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 42,996,766</u>

(1) - Direct Award

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

Cincinnati State Technical and Community College

Notes to Schedule of Expenditures of Federal Awards Year End June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Cincinnati State Technical and Community College (the "College") under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 – Summary of Significant Accounting Policies

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

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

Note 3 – Federal Work-Study and Federal SEOG Waiver

For the year ended June 30, 2025, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

Note 4 – Loan Programs

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

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program:	
Student Financial Assistance Cluster:	
ALN 84.007 – Federal Supplemental Educational Opportunity Grants	
ALN 84.033 – Federal Work-Study Program	
ALN 84.063 – Federal Pell Grant Program	
ALN 84.268 – Federal Direct Student Loans	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

**Cincinnati State Technical and Community College
Summary of Prior Audit Findings and Questioned Costs
June 30, 2025**

Finding Number: 2024-001 - Student Financial Assistance Cluster

Condition: The College did not comply with the 30-day date of determination requirement with resulted in the late return of Title IV funds.

Recommendation: We recommend management implement mitigating controls over compliance to ensure that all students requiring a return of funds calculation are identified and return of funds procedures are performed timely and accurately in the event of future technological interruptions.

Current Status: Corrected. No similar findings were noted in the 2025 audit.



This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



**CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE
HAMILTON COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/8/2026

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

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