CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY, OHIO

SINGLE AUDIT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditors' Report* of the Central Ohio Technical College, Licking County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 05, 2023

This page intentionally left blank.

CENTRAL OHIO TECHNICAL COLLEGE
Newark, Ohio

FINANCIAL STATEMENTS
June 30, 2022 and 2021

TABLE OF CONTENTS

This page intentionally left blank.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Central Ohio Technical College
Newark, Ohio

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the College as of June 30, 2021, were audited by other auditors whose report dated December 20, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 22, 2022

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Central Ohio Technical College (COTC) for the year ended June 30, 2022, with comparative information for fiscal year 2021. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About Central Ohio Technical College

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

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

Using the Annual Report

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

The net pension liability (NPL) is the largest single liability reported by COTC at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the COTC's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

(Continued)

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

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

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

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

The **Statement of Net Position** reflects the total assets, liabilities and net position of COTC as of June 30, 2022, with comparative information as of June 30, 2021. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

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

The **Statement of Revenues, Expenses and Changes in Net Position** details how net position has changed during fiscal year 2022, with comparative information for fiscal year 2021. Government accounting standards require state appropriations to be classified as non-operating revenues; so, generally, state-supported Colleges and universities will reflect an operating loss until non-operating items are included.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2022. It breaks out the sources and uses of COTC cash into the following categories:

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

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

(Continued)

Financial Highlights

Statement of Net Position
The College's financial statements for the fiscal year report net position of $53,124,375 at June 30, 2022. This represents an increase from the previous fiscal years net position of $47,204,021. The condensed version of the Statement of Net Position followed by a discussion of the changes is below:

	June 30, 2022	Revised June 30, 2021	June 30, 2020
ASSETS			
Current Assets	$ 29,389,644	$ 28,363,893	$ 22,709,057
Capital Assets, Net	40,179,123	39,673,377	32,693,276
Other Non-current	5,731,262	5,929,418	4,465,695
Total Assets	$ 75,300,029	$ 73,966,688	$ 59,868,028
DEFERRED OUTFLOWS			
Defined Benefit Pension Plan	$ 4,010,465	$ 2,959,784	$ 3,640,194
Other Post Employment Benefits	121,410	397,047	799,396
Total Deferred Outflows	$ 4,131,875	$ 3,356,831	$ 4,439,590
LIABILITIES			
Current Liabilities	$ 3,671,005	$ 5,155,859	$ 3,480,484
Non Current Liabilities	428,090	412,935	380,179
Net OPEB Liability	-	-	4,047,091
Net Pension Liability	9,490,986	18,613,359	19,207,894
Total Liabilities	$ 13,590,081	$ 24,182,153	$ 27,115,648
DEFERRED INFLOWS			
Defined Benefit Pension Plan	$ 10,418,849	$ 2,971,698	$ 3,448,817
Other Post Employment Benefits	2,298,599	2,965,647	2,105,958
Total Deferred Inflows	$ 12,717,448	$ 5,937,345	$ 5,554,775
NET POSITION			
Net Invested in Capital Assets	$ 40,111,456	$ 39,582,091	$ 32,636,888
Restricted			
Nonexpendable	2,345,516	2,767,323	2,181,421
Expendable	1,332,808	1,622,667	1,300,267
Unrestricted	9,334,595	3,231,940	(4,481,381)
Total Net Position	$ 53,124,375	$ 47,204,021	$ 31,637,195

(Continued)

Assets: As of June 30, 2022 the Colleges total assets before Deferred Outflows are $75,300,029, an increase from fiscal year 2021 total assets of $73,966,688. Overall, this increase is a result of the normal operations of the College throughout the fiscal year. Cash increased $4.8 million dollars while Intergovernmental receivables decreased $3.8 million dollars, largely due to the receipt of Higher Education Emergency Relief Fund (HEERF) funding.

Deferred Outflows: The College's deferred outflows increased by $775,044 as of June 30, 2022, with all lines reflecting the results of the plans experience from fiscal year 2021 to 2022.

Liabilities: At June 30, 2022, the College's routine liabilities totaled $4 million (excluding the Net OPEB & Pension liability amounts), representing a $1.5 million dollar decrease from the previous year of which the majority is in the Unearned Revenue line. This is a result of recognizing HEERF funding in fiscal year 2022 that were unearned in 2021. For fiscal year 2022, the Net Pension Liability reduced significantly by $9.1 million. As discussed above, the amounts are a reflection of the OPERS and STRS plan results for the fiscal year.

Deferred Inflows: The College's deferred inflows represent both OPERS and STRS pension amounts, as well as the 2022 deferred inflows for OPEB. For 2022 the total deferred inflows is $12.7 million; a net change of approximately $6.8 million from fiscal year 2021.

Net Position: Net Position at June 30, 2022 totaled $53.1 million. The increase of approximately $5.9 million from 2021 lies in the Unrestricted Net Assets line and results from controlled operations of the College during the fiscal year.

(Continued)

Statement of Revenues, Expenses and Changes in Net Position
Operating Revenues for fiscal year 2022 had a decrease of $1.3 million dollars, while Non-Operating Revenues saw a slight increase. Operating expenses did see in increase in fiscal year 2022 of $2.6 million. Below are the Statement of Revenues, Expenses and Changes in Net Position followed by a discussion of the major variances:

	June 30, 2022	Revised June 30, 2021	June 30, 2020
OPERATING REVENUES			
Tuition and Fees, Net	$ 6,655,238	$ 7,803,091	$ 7,625,062
Other Operating Revenues	1,881,992	2,069,841	2,181,909
Total Operating Revenues	$ 8,537,230	$ 9,872,932	$ 9,806,971
OPERATING EXPENSES			
Education and General	$ 24,634,014	$ 22,055,520	$ 25,462,692
Depreciation Expense	1,585,987	1,518,448	1,466,959
Auxiliary Enterprises	768	2,920	4,444
Total Operating Expenses	26,220,769	23,576,888	26,934,095
Operating Loss	$ (17,683,539)	$ (13,703,956)	$ (17,127,124)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	$ 11,732,660	$ 11,291,641	$ 11,058,441
Federal Grants and Contracts	10,966,397	9,438,232	4,462,819
Other Revenue (Expenses)	(615,570)	983,129	1,312,813
Net Non-operating Revenues	22,083,487	21,713,002	16,834,073
Capital Appropriation and Gifts and Grants	1,520,406	7,557,780	823,033
Increase (Decrease) in Net Position	5,920,354	15,566,826	529,982
Net Position-Beginning of Year	47,204,021	31,637,195	31,107,213
Net Position-End of Year	$ 53,124,375	$ 47,204,021	$ 31,637,195

(Continued)

Operating revenues Overall, total operating revenues reduced approximately $1.3 million, coming as a result of the changes for the tuition discounting against tuition & fee revenue. This results when the college has reduced direct loans provided to students as well as lower Pell funds provided than the previous year. The colleges **Nonoperating Revenues** saw a slight increase of $370,485. There was a significant decrease in the Investment Income line item from 2021 amounts as a result of market changes during the fiscal year.

Operating expenses for the campus increased $2.6 million. As in previous years, the Pension and OPEB entries for GASB impact the overall ending balance of operating expenses depending on the outcome of each plans final annual results. During fiscal year 2022, the college was able to provide salary increases to faculty and staff and continued to monitor overall budgets to reduce costs in alignment with the reduced enrollment.

Statement of Cash Flows
COTC's Statement of Cash Flows reflects stable cash flows for the fiscal years presented.

	June 30, 2022	Revised June 30, 2021	June 30, 2020
Net cash used by operating activities	$ (20,072,067)	$ (15,444,704)	$ (15,514,531)
Net cash provided by noncapital financing activities	25,388,284	18,040,646	16,424,735
Net cash (used) provided by capital financing activities	(710,338)	(976,533)	(708,933)
Net cash provided by capital investing activities	262,545	43,155	438,947
Net increase/decrease in cash	$ 4,868,424	$ 1,662,564	$ 640,219

The overall change in COTC's cash balances in 2022 is due to the normal operations of the College.

Summary
Central Ohio Technical College has continued a pattern of fiscal stability in its operations following the reduced enrollment. Continued conservative spending combined with HEERF funding allowed for a surplus for the year.

(Continued)

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 26,549,488	$ 21,743,058
Accounts Receivable		
Students, Net of Allowance of $235,645 and $232,153 in 2022 and 2021, respectively	219,873	378,977
Ohio State University	362,816	391,461
Intergovernmental Grants	1,467,885	5,265,543
Pledges Receivable	9,330	3,777
Other Receivable	37,570	61,492
Other Assets	742,682	519,585
Total Current Assets	29,389,644	28,363,893
Noncurrent Assets		
Restricted Cash and Cash Equivalents	182,676	120,682
Restricted Investments	3,485,756	4,250,680
Pledges Receivable	2,352	5,704
Net OPEB Asset	2,060,478	1,552,352
Capital Assets, Not Being Depreciated	10,482,816	12,934,791
Capital Assets, Net of Depreciation	29,696,307	26,738,586
Total Noncurrent Assets	45,910,385	45,602,795
Total Assets	75,300,029	73,966,688
Deferred Outflows of Resources		
OPEB	121,410	397,047
Pension	4,010,465	2,959,784
Total Deferred Outflows of Resources	4,131,875	3,356,831
LIABILITIES		
Current Liabilities		
Accounts Payable	391,945	355,797
Accrued Liabilities	1,656,045	1,579,016
Unearned Revenue	1,599,396	3,197,427
Current Portion of Financed Purchases	23,619	23,619
Total Current Liabilities	3,671,005	5,155,859
Noncurrent Liabilities		
Compensated Absences	384,042	345,268
Financed Purchases	44,048	67,667
Net Pension Liability	9,490,986	18,613,359
Total Noncurrent Liabilities	9,919,076	19,026,294
Total Liabilities	13,590,081	24,182,153
Deferred Inflows of Resources		
OPEB	2,298,599	2,965,647
Pension	10,418,849	2,971,698
Total Deferred Resources of Inflows	12,717,448	5,937,345
NET POSITION		
Net Investment in Capital Assets	40,111,456	39,582,091
Restricted		
Nonexpendable - Scholarships, Fellowships, and Research	2,345,516	2,767,323
Expendable - Scholarships, Fellowships, and Research	1,332,808	1,622,667
Unrestricted	9,334,595	3,231,940
Total Net Position	$ 53,124,375	$ 47,204,021

See accompanying notes to financial statements.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Operating Revenues		
Tuition and Fees (net of scholarship allowances of $2,134,740 and $1,903,906 in 2022 and 2021, respectively)	$ 6,655,238	$ 7,803,091
Federal Grants and Contracts	400,123	357,490
Private, State, and Local Gifts, Contracts and Grants	1,356,567	1,441,574
Sales and Services of Educational Departments	63,788	55,447
Auxiliary Enterprises	20,850	21,075
Other Operating Revenues	40,664	194,255
Total Operating Revenues	8,537,230	9,872,932
Expenses		
Operating Expenses		
Instructional	7,933,648	9,539,152
Public Service	29,762	(647)
Academic Support	1,058,421	941,372
Student Services	2,559,816	1,365,330
Institutional Support	4,417,784	4,247,048
Operation and Maintenance of Plant	2,462,315	1,717,552
Depreciation Expense	1,585,987	1,518,448
Student Scholarship and Financial Aid	6,172,268	4,245,713
Auxiliary Enterprise	768	2,920
Total Operating Expenses	26,220,769	23,576,888
Operating Loss	(17,683,539)	(13,703,956)
Nonoperating Revenues (Expenses)		
State Appropriations	11,732,660	11,291,641
Federal Grants and Contracts - Pell	3,344,619	3,994,518
Federal Grants and Contracts - CRF, HEERF and SIP	7,621,778	5,443,714
Investment Income	(571,890)	1,008,323
Interest on Indebtedness	(8,320)	(8,320)
Loss on Disposal of Capital Assets	(35,360)	(16,874)
Total Nonoperating Revenues (Expenses)	22,083,487	21,713,002
Income before Other Revenues	4,399,948	8,009,046
Other Revenues		
Capital Grants and Gifts	1,448,694	7,512,312
Additions to Permanent Endowments	71,712	45,468
Total Other Revenues	1,520,406	7,557,780
Increase in Net Position	5,920,354	15,566,826
Net position		
Net Position at Beginning of the Year	47,204,021	31,637,195
Net Position at End of the Year	$ 53,124,375	$ 47,204,021

See accompanying notes to financial statements.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Tuition and Fees	$ 6,658,552	$ 8,073,170
Grants and Contracts	1,463,544	2,383,028
Payments to Suppliers	(6,255,833)	(5,624,254)
Payments for Utilities	(461,046)	(357,669)
Payments to Employees	(11,746,704)	(11,606,531)
Payments for Benefits	(3,498,666)	(3,323,858)
Payments for Scholarships	(6,340,474)	(5,037,472)
Auxiliary Enterprise Receipts	20,850	21,075
Sales and Services	87,710	27,807
Net Cash Used in Operating Activities	(20,072,067)	(15,444,704)
Cash Flows from Noncapital Financing Activities		
State Appropriations	11,732,660	11,291,641
Gifts and Grants Other than Capital - Pell	3,344,619	3,994,518
Gifts and Grants Other than Capital - CRF, HEERF and SIP	10,311,005	2,754,487
Net Cash Provided from Noncapital Financing Activities	25,388,284	18,040,646
Cash Flows from Capital Financing Activities		
Purchase of Capital Assets	(678,399)	(941,962)
Principal Paid on Capital Related Debt	(23,619)	(26,251)
Interest on Capital Related Debt	(8,320)	(8,320)
Net Cash Used in Capital Financing Activities	(710,338)	(976,533)
Cash Flows from Investing Activities		
Investment Income	211,488	146,238
Net Change in Investments	51,057	(103,083)
Net Cash Provided from Investing Activities	262,545	43,155
Net Increase in Cash	4,868,424	1,662,564
Cash and Cash Equivalents, beginning of year	21,863,740	20,201,176
Cash and Cash Equivalents, end of year	$ 26,732,164	$ 21,863,740
Reconciliation of Net Operating Loss to Net Cash Used from Operating Activities		
Operating Loss	$ (17,683,539)	$ (13,703,956)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense	1,585,987	1,518,448
Changes in Assets and Liabilities		
Accounts Receivable, Net	(103,407)	315,910
Other Assets	(223,097)	(91,581)
Accounts Payable	36,148	24,819
Accrued Liabilities and Compensated Absences	115,803	24,308
Unearned Revenue	(174,522)	200,597
Pension and OPEB	(3,625,440)	(3,733,249)
Net Cash Used in Operating Activities	$ (20,072,067)	$ (15,444,704)
Non-Cash Transactions		
Contribution for OBR and Donated Asset	$ 1,448,694	$ 7,512,311
Capital assets acquired through financing	$ -	$ 61,149

See accompanying notes to financial statements.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis —for Public Colleges and Universities* and subsequent pronouncements establish standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- Net Investment in Capital Assets: The College's investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to the acquisition, construction, or improvement of those assets

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Unearned Revenue: Unearned revenue consists primarily of summer school fees. The College received amounts for tuition and fees prior to June 30, 2022 and 2021 but relate to the subsequent accounting period. The College recognizes summer tuition revenue prorated on the basis of class dates within each fiscal year. In addition, unearned revenue includes amounts received in advance from grants and contracts that have not yet been earned under the terms of the agreement.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- The employee's right to receive compensation is attributable to services already rendered.
- It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

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

- The sick leave liability generally would be an estimate based on governmental entity's past experience of making termination payments for sick leave, adjusted for the effects of changes in termination payment policy and other current factors. This approach is known as the termination payment method.
- The sick leave liability would be an accrual for those employees expected to become eligible in one year based on assumptions concerning the probability that individual employees, classes, or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is known as the vesting method.

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

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

Deferred Outflows and Inflows of Resources: Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources that are applicable to a future resource period. Deferred inflows of resources in the College's financial statements consist of differences between projections and actual investment earnings in the OPERS and STRS Ohio pension and OPEB plans and contributions subsequent to the measurement dates of the plans. In addition, deferred inflows of resources in the College's financial statements consist of differences between projections and actual for the OPERS and STRS Ohio pension and OPEB plans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net positions of the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS Ohio) and additions to/deductions from OPERS' and STRS Ohio's fiduciary net positions have been determined on the same basis as they are reported by these pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Other Postemployment Benefit Costs: For purposes of measuring the net other postemployment benefit (OPEB) asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and STRS pension plan and additions to/deductions from OPERS and STRS' fiduciary net position have been determined on the same basis as they are reported by these OPEB systems. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB systems report investments at fair value.

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

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

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

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

Recently Adopted Accounting Pronouncements: During the year ended June 30, 2022, the College adopted the following statements issued by the GASB:

- GASB Statement No. 87, *Leases*, issued June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 did not impact the College's financial statements as the existing leases have been deemed insignificant to the financial statements by management.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* issued June 2018. The objective of this Statement is to simplify accounting for interest cost incurred before the end of construction, requiring them to be expensed as incurred. This statement had no effect on beginning net position.

- GASB Statement No. 92, *Omnibus 2020,* issued January 2020. This statement addressed unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This statement had no effect on beginning net position.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* issued June 2020. This statement clarifies guidance provided in GASB 84. This statement had no effect on beginning net position.

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, issued October 2021. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR* to replace instances of *comprehensive annual financial report* and its acronym. This statement had no effect on beginning net position.

Newly Issued Accounting Pronouncements: The College is currently evaluating the impact that the following GASB statements, effective for fiscal year 2023, may have on its financial statements:

- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. It clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates,* issued March 2020. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging and derivative instruments and leases.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. This statement improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It requires the College to report assets and liabilities related to public-private and public-partner partnerships (PPP's) consistently and disclose important information about PPP transactions.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* issued May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this standard, end users in SBITAs are required to recognize a right-to-use subscription asset and a corresponding subscription liability.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications: Certain prior year balances have been reclassified to conform to current year presentation. There was no impact to beginning net position as a result of these reclassifications.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Cash and Cash Equivalents

At June 30, 2022 and 2021, the carrying amount of cash and cash equivalents (book balances) were as follows:

	2022	2021
Petty cash	$ 1,325	$ 1,225
Demand deposits	11,967,562	7,201,816
Money market fund	182,676	120,682
	$ 12,151,563	$ 7,323,723

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

At June 30, 2022 and 2021, the carrying amount of the College’s cash and cash equivalents was $12,151,563 and $7,323,723 and the bank balances were $12,590,643 and $7,735,214, all respectively. The difference in the carrying amount and bank balance results primarily from outstanding checks. Of the June 30, 2022 bank balances, $4,255,388 are covered by federal deposit insurance. The remaining bank balances at June 30, 2022 of $8,335,255, is uninsured but collateralized by U.S. Treasuries held by the Federal Reserve Bank in “book entry” form in the name of the respective bank, and internally designates the securities as assigned to the College.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

At June 30, 2022 and 2021, the College had amounts on deposit with STAR Ohio, with a fair value of $14,580,601 and $14,540,017, respectively. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, Certain External Investment Pools and Pool Participants. The College measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

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

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

(Continued)

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment by Fair Value Level	June 30, 2021	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond Mutual Funds	$ 1,002,790	$ 1,002,790	$ -	$ -
Corporate Bonds	200,648	200,648	-	-
Domestic Equities	1,639,224	1,639,224	-	-
International Equities	43,004	43,004	-	-
Equity Mutual Funds	1,314,473	1,314,473	-	-
Negotiable Certificates of Deposits	50,541	50,541	-	-
	$ 4,250,680	$ 4,250,680	$ -	$ -

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

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of June 30, 2021, the College had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in years)		
Investment Type	Fair Value	<1	1-5	6-10
Fixed Income	$ 1,203,438	$ 1,103,786	$ 99,652	$ -
Equities and Equity Funds	2,996,701	2,996,701	-	-
Negotiable Certificates of Deposits	50,541	50,541	-	-
STAR Ohio Funds	14,540,017	14,540,017	-	-
	$ 18,790,697	$ 18,691,045	$ 99,652	$ -

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's Investment Policy limits investments in fixed income securities to government and agency issues and corporate issues in the top four quality rating of recognized credit services. Investments below investment grade and derivatives are specifically prohibited.

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

	June 30, 2022		June 30, 2021	
	Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments
Financial Statements	$ 26,732,164	$ 3,485,756	$ 21,863,740	$ 4,250,680
Investments:				
STAR Ohio	(14,580,601)	14,580,601	(14,540,017)	14,540,017
Footnote	$ 12,151,563	$ 18,066,357	$ 7,323,723	$ 18,790,697

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2022 and 2021 were temporarily restricted and due as follows:

	2022	2021
Within one year	$ 9,702	$ 4,070
One to five years	2,352	5,704
	12,054	9,774
Allowance	(372)	(293)
Total	$ 11,682	$ 9,481

NOTE 5 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2022 and 2021 are summarized below.

	July 1, 2021 Balance	Additions	Reductions	June 30, 2022 Balance
Nondepreciable Capital Assets:				
Land	$ 1,175,188	$ -	$ -	$ 1,175,188
Construction in Progress	11,759,603	1,421,661	3,873,636	9,307,628
Total Nondepreciable Capital Assets	12,934,791	1,421,661	3,873,636	10,482,816
Depreciable Capital Assets:				
Land Improvements	555,091	-	-	555,091
Buildings	43,703,893	4,217,372	-	47,921,265
Leasehold Improvements	495,974	6,490	-	502,464
Equipment, Furniture, and Library Books	6,638,853	355,206	147,332	6,846,727
Total Depreciable Capital Assets	51,393,811	4,579,068	147,332	55,825,547
Less Accumulated Depreciation:				
Land Improvements	237,599	27,754	-	265,353
Buildings	19,081,194	1,197,461	-	20,278,655
Leasehold Improvements	235,061	32,935	-	267,996
Equipment, Furniture, and Library Books	5,101,371	327,837	111,972	5,317,236
Total Accumulated Depreciation:	24,655,225	1,585,987	111,972	26,129,240
Total Depreciable Capital Assets, Net	26,738,586	2,993,081	35,360	29,696,307
Capital Assets, Net	$ 39,673,377	$ 4,414,742	$ 3,908,996	$ 40,179,123

	Revised			
	July 1, 2020 Balance	Additions	Reductions	June 30, 2021 Balance
Nondepreciable Capital Assets:				
Land	$ 1,175,188	$ -	$ -	$ 1,175,188
Construction in Progress	3,781,440	7,978,163	-	11,759,603
Total Nondepreciable Capital Assets	4,956,628	7,978,163	-	12,934,791
Depreciable Capital Assets:				
Land Improvements	555,091	-	-	555,091
Buildings	43,703,893	-	-	43,703,893
Leasehold Improvements	488,364	7,610	-	495,974
Equipment, Furniture, and Library Books	6,748,963	529,650	639,760	6,638,853
Total Depreciable Capital Assets	51,496,311	537,260	639,760	51,393,811
Less Accumulated Depreciation:				
Land Improvements	209,844	27,755	-	237,599
Buildings	17,989,169	1,092,025	-	19,081,194
Leasehold Improvements	200,797	34,264	-	235,061
Equipment, Furniture, and Library Books	5,359,853	364,404	622,886	5,101,371
Total Accumulated Depreciation	23,759,663	1,518,448	622,886	24,655,225
Total Depreciable Capital Assets, Net	27,736,648	(981,188)	16,874	26,738,586
Capital Assets, Net	$ 32,693,276	$ 6,996,975	$ 16,874	$ 39,673,377

(Continued)

NOTE 6 - NONCURRENT LIABILITIES

Noncurrent liabilities are summarized as follows as of June 30:

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 918,420	$ 1,136,150	$ 1,158,374	$ 896,196	$ 512,154
Net Pension Liability	18,613,359	-	9,122,373	9,490,986	-
Financed Purchases	91,286	-	23,619	67,667	23,619
Total	$ 19,623,065	$ 1,136,150	$ 10,304,366	$ 10,454,849	$ 535,773

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 866,823	$ 988,016	$ 936,419	$ 918,420	$ 573,152
Net Pension Liability	19,207,894	968,189	1,562,724	18,613,359	-
Net OPEB Liability	4,047,091	-	4,047,091	-	-
Financed Purchases	56,388	61,149	26,251	91,286	23,619
Total	$ 24,178,196	$ 2,017,354	$ 6,572,485	$ 19,623,065	$ 596,771

NOTE 7 - FINANCED PURCHASES

Capital assets acquired through purchase agreements have been capitalized in the Statements of Net Position in fiscal years 2022 and 2021 in the amounts of $118,097 and $241,673, respectively. A corresponding long-term liability was recorded on the Statements of Net Position. Accumulated amortization in fiscal years 2022 and 2021 totaled $50,430 and $150,386, respectively.

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

	Financed Purchases		
Year Ended June 30:	Principal	Interest	Total
2023	$ 23,619	$ 8,320	$ 31,939
2024	23,619	8,320	31,939
2025	14,660	5,399	20,059
2026	5,769	2,140	7,909
	$ 67,667	$ 24,179	$ 91,846

Interest expense for the years ended June 30, 2022 and 2021 was $8,320.

(Continued)

NOTE 8 - RETIREMENT 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 manner in which pensions are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension.

GASB 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 the contractually-required pension contribution outstanding at the end of the fiscal year is included in *accrued liabilities*.

Plan Descriptions: College faculty are provided with pensions through the State Teachers Retirement System of Ohio (STRS). Substantially all other College employees are provided with pensions through the Ohio Public Employees Retirement System (OPERS). Both OPERS and STRS are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS are authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS issue publicly available financial reports. The OPERS report can be obtained by visiting www.opers.org/financial/reports.shtml. The STRS report can be obtained by visiting the STRS website at www.strsoh.org.

OPERS and STRS Ohio each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS and STRS Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

NOTE 8 - RETIREMENT PLANS (Continued)

OPERS Member-Directed Plan and STRS Defined Contribution Plan are optional alternative retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by STRS Ohio. Benefits are based on the member's account value.

OPERS and STRS Combined Plans offer features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit along with disability and survivor benefits.

Benefits Provided: OPERS and STRS provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2023 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. Final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

STRS Benefits

Under the Defined Benefit Plan, on or before July 1, 2015, benefits are based on 2.2% of final average salary for the three highest years of earnings, multiplied by years of total Ohio service credit. The percentages increase if the member has 35 or more years of contributing service credit. Effective Aug. 1, 2015, benefits are based on an annual amount equal to 2.2% of final average salary for the five highest years of earnings, multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.

Under the Combined Plan, member contributions are allocated among investment choices by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular Defined Benefit Plan. Benefits are based on the balance in the member's defined contribution account plus an annual amount equal to 1% of final average salary for the three highest paid years multiplied by years of total Ohio service credit. Effective Aug. 1, 2015, final average salary will be average of the member's five highest salary years. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the Combined Plan may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

The Defined Contribution Plan allows members to place all their member and 9.5% of employer contributions into an investment account. Investment allocation decisions are determined by the member. 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.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

A Defined Benefit Plan or Combined Plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits. Members in the Defined Contribution Plan who become disabled are entitled only to their account balance. If a member of the Defined Contribution Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

<u>Contributions</u>:

OPERS Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, for the years ended June 30, 2022 and 2021, the employee contribution rate is 10% and the employer contribution rate is 14%. For Member-Directed Plans, for the years ended June 30, 2022 and 2021, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The College's contributions to OPERS for the fiscal years ended June 30, 2022 and 2021 were $615,204 and $615,978, whereas the College's contributions to the ARP totaled $67,395 and $81,469, all respectively. The College's contributions were equal to the required contributions for each year as set by state statute.

STRS Contributions

Employer and member contribution rates are established by the STRS Board and limited by Chapter 3307 of the Ohio Revised Code. Under the STRS plans, for years ended June 30, 2021 and 2020, the employee contribution rate is 14% and the employer contribution rate is 14%. Under the Combined Plan, 1% of the employee contribution is to fund the defined benefit. Under the Defined Contribution Plan, 4.5% of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan.

The College's contributions to STRS for the fiscal years ended June 30, 2022 and 2021 were $966,462 and $949,316, whereas the College's contributions to the ARP totaled $68,339 and $73,364, all respectively. The College's contributions were equal to the required contributions as set by state statute.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

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

OPERS Pension Costs

At June 30, 2022, the College reported a liability of $2,464,764 for its proportionate share of the OPERS net pension liability compared to $4,354,321 at June 30, 2021. The net pension liability was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to OPERS relative to the total employer contributions received from all of OPERS' participating employers. At December 31, 2021, the College's proportion was .029700% for Traditional Plan, .029956% for the Combined Plan, and .006853% for the Member-Directed Plan. This represents a decrease in proportionate share of .000280% for Traditional Plan, an increase of .000926% for the Combined Plan, and a decrease of .000012% for the Member-Directed Plan from the prior measurement year. At December 31, 2020, the College's proportion was .029980% for Traditional Plan, .029030% for the Combined Plan, and .006865% for the Member-Directed Plan. This represents a decrease in proportionate share of .000255% for Traditional Plan, an increase of .000834% for the Combined Plan, and a decrease of .000027% for the Member-Directed Plan from the prior measurement year.

For the year ended June 30, 2022, the College recognized pension expense of $(775,631). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,693	$ 69,876
Net difference between projected and actual earnings on pension plan investments	-	3,099,224
Changes of assumptions	329,106	-
Change in proportionate share	1,695	53,062
College contributions subsequent to the measurement date	291,247	-
Total	$ 755,741	$ 3,222,162

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2021, the College recognized pension expense of $(69,403). At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 860	$ 201,512
Net difference between projected and actual earnings on pension plan investments	-	1,742,937
Changes of assumptions	5,269	-
Change in proportionate share	30,115	35,933
College contributions subsequent to the measurement date	300,396	-
Total	$ 336,640	$ 1,980,382

At June 30, 2022, the College reported $291,247 as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows:

2023	$ (452,159)
2024	(1,078,999)
2025	(730,188)
2026	(494,609)
2027	(830)
Thereafter	(883)

STRS Pension Costs

At June 30, 2022, the College reported a liability of $7,026,222 for its proportionate share of the STRS net pension liability compared to $14,259,038 at June 30, 2021. The net pension liability was measured as of July 1, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's long-term share of contributions to the pension plan relative to the total employer contributions from all participating STRS employers. At June 30, 2021 and 2020, the College's proportionate share was .054953% and .058930%, respectively. These represent decreases in proportionate share of .003977% and .001170%, respectively, from the prior measurement year.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

For the year ended June 30, 2022, the College recognized pension expense of $(692,563). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 217,076	$ 44,040
Net difference between projected and actual earnings on pension plan investments	-	6,055,258
Changes of assumptions	1,949,200	-
Change in proportionate share	121,986	1,097,389
College contributions subsequent to the measurement date	966,462	-
Total	$ 3,254,724	$ 7,196,687

For the year ended June 30, 2021, the College recognized pension expense of $1,221,516. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,994	$ 91,177
Net difference between projected and actual earnings on pension plan investments	693,419	-
Changes of assumptions	765,435	-
Change in proportionate share	182,980	900,139
College contributions subsequent to the measurement date	949,316	-
Total	$ 2,623,144	$ 991,316

At June 30, 2022, the College reported $966,462 as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to STRS pensions will be recognized in pension expense as follows:

2023	$ (1,412,542)
2024	(995,141)
2025	(1,128,166)
2026	(1,372,576)

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

Actuarial Assumptions

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2021 and 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.75%	3.25%
Salary increases (average, including inflation)	2.75% - 10.75%	3.25% - 10.75%
Investment rate of return	6.90%	7.20%
Cost of living adjustment (simple)	3.00%	3.00%

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

The actuarial assumptions used in the December 31, 2021 valuation was based on the results of an actuarial experience study for the five year period ended December 31, 2020. The actuarial assumptions used in the December 31, 2020 valuation was based on the results of an actuarial experience study for the five year period ended December 31, 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2021 and 2020 along with the arithmetic long-term expected real rates of return:

Asset Class Return	2021 Target Allocation	2021 Long-Term Expected Real Rate of Return
Fixed income	24.00%	1.03%
Domestic equity	21.00	3.78
International equity	23.00	4.88
Real estate	11.00	3.66
Private equity	12.00	7.43
Risk parity	5.00	2.92
Other	4.00	2.85
Total	100.00%	

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

Asset Class Return	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Fixed income	25.00%	1.32%
Domestic equity	21.00	5.64
International equity	23.00	7.36
Real estate	10.00	5.39
Private equity	12.00	10.42
Other	9.00	4.75
Total	100.00%	

STRS Actuarial Assumptions

The total pension liability in the July 1, 2021 and 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.50%	2.50%
Salary increases (average, including inflation)	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%	7.45%
Cost of living adjustment (simple)	none	none

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

Actuarial assumptions used in the June 30, 2021 and 2020 valuations are based on the results of an actuarial experience study, effective June 30, 2016.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class for the last two valuation periods are summarized as follows:

Asset Class Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28.00%	7.35%
International equity	23.00	7.55
Fixed income	21.00	3.00
Alternatives	17.00	7.09
Real estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

Discount rate: The discount rate used to measure the OPERS total pension liability 6.90% and 7.20% as of December 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rates assumed that employee and College contributions will be made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members for both years. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan, Combined Plan, and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability for both years.

The discount rate used to measure the STRS total pension liability was 7.00% and 7.45% as of June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021 and 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.00% and 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021 and 2020, respectively.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate: The following table represents the OPERS net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 6.90% and 7.20% as of June 30, 2022 and 2021, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90% and 6.20%) or one percentage point higher (7.90% and 8.20%) than the current assumption, all respectively:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
College's proportionate share of the net pension liability for June 30, 2022:	$ 6,723,802	$ 2,464,764	$ (1,077,734)

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
College's proportionate share of the net pension liability for June 30, 2021:	$ 8,408,677	$ 4,354,321	$ 985,331

The following presents the College's proportionate share of the STRS pension plans net pension liability calculated using the discount rate of 7.00% and 7.45% as of June 30, 2022 and 2021, 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% and 6.45%) or one percentage point higher (8.00% and 8.45%) than the current rate, all respectively:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability for June 30, 2022:	$ 13,157,484	$ 7,026,222	$ 1,845,319

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability for June 30, 2021:	$ 20,302,388	$ 14,259,038	$ 9,197,803

Pension plan fiduciary net position: Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS

Net OPEB Asset

The net OPEB asset reported on the statement of net position represents 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 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 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 a potential OPEB 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 75 assumes the liability, if any, 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 asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's 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*.

Ohio Public Employees Retirement System (OPERS): OPERS provides access to post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Access to health care coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided per the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 0.0% during calendar year 2021 and 2020. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of the College's calendar year 2021 and 2020, contributions required and made to OPERS used to fund post-retirement benefits was $0.

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

State Teachers Retirement System (STRS Ohio): STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of 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 STRS Ohio. All benefit recipients, 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. Of the 14% employer contribution rate, 0% of the covered payroll was allocated to post-employment health care for the years ended June 30 2022 and 2021. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The portion of the College's fiscal years 2022 and 2021 contributions required and made to STRS Ohio used to fund post-employment benefits was $0 in both years.

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

OPERS OPEB Costs

The College reported an asset of $901,841 and $516,658 for its proportionate share of the OPERS net OPEB asset at June 30, 2021 and 2020 respectively. The net OPEB asset and the total pension liability used to calculate the net OPEB asset were determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to the measurement date of December 31, 2021 and 2020, respectively. The College's proportion of the net OPEB asset was based on the College's long-term share of contributions to OPERS relative to the total projected long-term employer contributions received from all of OPERS' participating employers. At December 31, 2021 and 2020, the College's proportion was .028793% and .029039%, respectively. These represent decreases in proportionate share of .000246% and .000218%, respectively, from the prior measurement year.

The net OPEB asset for the Traditional Plan and Combined Plan, respectively, were measured as of December 31, 2021 and December 31, 2020, and the total OPEB liabilities were determined by an actuarial valuation as of that date. For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of ($777,412) and ($3,240,244), respectively.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022		
Differences between expected and actual experience	$ -	$ 136,795
Changes of assumptions	-	365,055
Changes in proportionate share	-	429,934
Net difference between projected and actual earnings on OPEB plan investments	-	14,063
Total	$ -	$ 945,847

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ -	$ 466,281
Changes of assumptions	253,995	837,141
Changes in proportionate share	15,614	29,084
Net difference between projected and actual earnings on pension plan investments	-	257,179
Total	$ 269,609	$ 1,607,685

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

2023	$ (588,843)
2024	(201,320)
2025	(93,939)
2026	(61,745)

STRS OPEB Costs

At June 30, 2022 the College reported an asset of $1,158,637 for its proportionate share of the STRS net OPEB asset compared to an asset of $1,035,694 at June 30, 2021. The net OPEB asset was measured as of June 30, 2021 and 2020 respectively, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB asset was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. At June 30, 2021 and 2020, the College's proportion was .054953%, and .058930%, respectively. These represent decreases in proportionate share of .003977% and .001170%, respectively, from the prior measurement year.

For the year ended June 30, 2022 and 2021 respectively, the College recognized OPEB expense of ($122,125) and ($101,761).

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022		
Differences between expected and actual experience	$ 41,255	$ 212,283
Changes of assumptions	74,009	691,211
Changes in proportionate share	6,146	128,104
Net difference between projected and actual earnings on pension plan investments	-	321,154
Total	$ 121,410	$ 1,352,752

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ 66,382	$ 206,255
Changes of assumptions	17,097	983,735
Changes in proportionate share	7,682	167,972
Net difference between projected and actual earnings on pension plan investments	36,277	-
Total	$ 127,438	$ 1,357,962

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

2023	$ (357,689)
2024	(349,655)
2025	(344,689)
2026	(133,808)
2027	(46,225)
Thereafter	724

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

OPERS Actuarial Assumptions

The total OPEB liability in the December 31, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021
Single Discount Rate	6.00%
Investment rate of return	6.00%
Wages inflation	2.75%
Municipal Bond Rate	1.84%
Projected Salary increases	2.75% to 10.75% (includes wage inflation)
Health Care Cost Trends	5.50% initial, 3.50% ultimate in 2034

	2020
Single Discount Rate	6.00%
Investment rate of return	6.00%
Wages inflation	3.25%
Municipal Bond Rate	2.00%
Projected Salary increases	3.25% to 10.75% (includes wage inflation)
Health Care Cost Trends	8.50% initial, 3.50% ultimate in 2035

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return is arithmetic and determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

Asset Class Return	2021 Target Allocation	2021 Long-Term Expected Real Rate of Return
Fixed income	34.00%	0.91%
Domestic equity	25.00	3.78
International equity	25.00	4.88
Real estate	7.00	3.71
Risk Parity	2.00	2.92
Other	7.00	1.93
Total	100.00%	

Asset Class Return	2020 Target Allocation	2020 Long-Term Expected Real Rate of Return
Fixed income	34.00%	1.07%
Domestic equity	25.00	5.64
International equity	25.00	7.36
Real estate	7.00	6.48
Other	9.00	4.02
Total	100.00%	

STRS Actuarial Assumptions

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021 and 2020, actuarial valuation are presented below:

	2021	
Salary increases (average, including inflation)	12.5% at age 20 to 2.5% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	(16.18)%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

	2020	
Salary increases (average, including inflation)	12.5% at age 20 to 2.5% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	(6.69)%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 and 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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 consist for 2021 and 2020 and are summarized as follows:

Asset Class Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Fixed income	21.00%	3.00%
Alternatives	17.00%	7.09%
Real estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

Discount rate:

OPERS discount rate

A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021 and 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate at December 31, 2021 was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The single discount rate at December 31, 2020 was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

STRS discount rate

The discount rate used to measure the total OPEB liability was 7.00% and 7.45% as of June 30, 2021 and 2020 respectively. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021 and 2020. Therefore, the long-term expected rate of return on health care fund investments of 7.00% and 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021 and 2020, respectively.

Sensitivity of the College's proportionate share of the OPERS net OPEB asset to changes in the discount rate and health care trend rates: The following table represents the net OPEB asset as of June 30, 2021 and 2020, calculated using the current period discount rate assumption of 6.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current assumption. 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 (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Sensitivity of College's proportionate share of the net OPEB asset to changes in discount rates for June 30, 2022	$ 530,367	$ 901,841	$ 1,210,170

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

	1% Decrease	Current Rate	1% Increase
Sensitivity of College's proportionate share of the net OPEB asset to changes in the health care cost trend rate for June 30, 2022	$ 911,586	$ 901,841	$ 890,280

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Sensitivity of College's proportionate share of the net OPEB asset to changes in discount rates for June 30, 2021	$ 128,470	$ 516,658	$ 835,780

	1% Decrease	Current Rate	1% Increase
Sensitivity of College's proportionate share of the net OPEB asset to changes in the health care cost trend rate for June 30, 2021	$ 529,250	$ 516,658	$ 502,570

The following table represents the College’s share of the STRS net OPEB asset as of June 30, 2021 and 2020, calculated using the current period discount rate assumption of 7.00% and 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00% and 6.45%) or one percentage point higher (8.00% and 8.45%) than the current assumption, all respectively. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Sensitivity of College's proportionate share of the net OPEB asset to changes in discount rate for June 30, 2022	$ 977,710	$ 1,158,637	$ 1,309,774

	1% Decrease	Current Rate	1% Increase
Sensitivity of College's proportionate share of the net OPEB asset to changes in the health care cost trend rate for June 30, 2022	$ 1,303,650	$ 1,158,637	$ 979,315

(Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Sensitivity of College's proportionate share of the net OPEB asset to changes in discount rate for June 30, 2021	$ 901,121	$ 1,035,694	$ 1,149,874

	1% Decrease	Current Rate	1% Increase
Sensitivity of College's proportionate share of the net OPEB asset to changes in the health care cost trend rate for June 30, 2021	$ 1,142,786	$ 1,035,694	$ 902,239

Pension plan fiduciary net position: Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

NOTE 10 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

The College’s operating expenses by natural classification were as follows for the years ended June 30, 2022 and 2021:

	2022	Revised 2021
Salaries and wages	$ 11,821,881	$ 11,633,079
Employee benefits	(85,289)	(412,274)
Supplies and materials	793,333	861,312
Services	5,303,337	4,581,182
Utilities	461,046	357,669
Depreciation	1,585,987	1,518,448
Student scholarships and financial aid	6,340,474	5,037,472
	$ 26,220,769	$ 23,576,888

(Continued)

NOTE 11 - RISK MANAGEMENT

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

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

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

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

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

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

The College receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs, generally requires compliance with terms and conditions specified in the grant and is subject to audit by the grantor agencies. The College is currently undergoing a program review by the U.S, Department of Education. Any disallowed claims resulting from such audits could become a liability of the unrestricted or restricted educational and general funds or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial statements of the College at June 30, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL OHIO TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND COLLEGE PENSION CONTRIBUTIONS

Ohio Public Employees Retirement System

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net Pension Liability Traditional Plan	College's Proportion of the Net Pension Liability Combined Plan	College's Proportion of the Net Pension Liability Member Directed	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.037311%	0.021480%	0.009104%	$ 6,487,394	$ 4,846,914	133.85%	81.08%
2017	0.035527%	0.022552%	0.009897%	8,054,985	4,673,836	172.34%	77.25%
2018	0.032953%	0.029726%	0.009353%	5,128,894	4,744,529	108.10%	84.66%
2019	0.029640%	0.028664%	0.008829%	8,085,541	4,356,460	185.60%	74.70%
2020	0.030235%	0.028196%	0.006838%	5,917,045	4,461,736	132.62%	82.17%
2021	0.029980%	0.029030%	0.006865%	4,354,321	4,408,550	98.77%	86.88%
2022	0.029700%	0.029956%	0.006853%	2,464,764	4,399,843	56.02%	92.62%

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

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

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

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

CENTRAL OHIO TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE’S PORPORTIONATE SHARE OF THE NET PENSION LIABILITY AND COLLEGE PENSION CONTRIBUTIONS

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.070752%	$ 19,582,614	$ 7,473,026	262.04%	72.10%
2017	0.068619%	22,968,814	7,100,915	323.46%	66.80%
2018	0.065526%	15,565,747	7,063,113	220.38%	75.30%
2019	0.058548%	12,873,463	6,506,574	197.85%	77.30%
2020	0.060100%	13,290,849	6,899,800	192.63%	77.40%
2021	0.058930%	14,259,038	7,143,507	199.61%	75.50%
2022	0.054953%	7,026,222	6,780,828	103.62%	87.80%

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

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

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

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

CENTRAL OHIO TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AND
COLLEGE OPEB CONTRIBUTIONS

Ohio Public Employees Retirement System

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

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

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

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

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

CENTRAL OHIO TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE 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
2018	0.065530%	$ 2,556,567	$ 7,063,113	36.20%	47.11%
2019	0.058548%	(940,812)	6,506,574	(14.46%)	176.00%
2020	0.060100%	(955,400)	6,899,800	(13.85%)	174.74%
2021	0.058930%	(1,035,694)	7,143,507	(14.50%)	182.13%
2022	0.054953%	(1,158,637)	6,780,828	(17.09%)	174.73%

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ -	$ -	$ -	$ 7,063,113	0.00%
2018	-	-	-	6,506,574	0.00%
2019	-	-	-	6,899,800	0.00%
2020	-	-	-	7,143,507	0.00%
2021	-	-	-	6,780,828	0.00%
2022	-	-	-	6,903,302	0.00%

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

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

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to Pension Information

Changes of Benefit Terms

None noted.

Changes in Assumptions

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

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

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

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement year 2017, the single discount rate changed from 4.23% to 3.85%.

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

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

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

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

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

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

Changes of Assumptions

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

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

Notes to OPEB Information

Changes of Benefit Terms

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

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

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

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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%.

SUPPLEMENTAL INFORMATION

CENTRAL OHIO TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Number	Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Direct Student Loans	84.268	(1)	$ 3,141,508
Federal Pell Grant Program	84.063	(1)	3,344,619
Federal Supplemental Educational Opportunity Grants	84.007	(1)	160,700
Federal Work-Study Program	84.033	(1)	41,480
Total Student Financial Assistance Cluster			6,688,307
COVID-19 - Education Stabilization Fund:			
Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	(1)	3,580,191
HEERF Institutional Portion	84.425F	(1)	2,335,884
HEERF Strengthening Institutions Program	84.425M	(1)	425,092
Total Education Stabilization Fund			6,341,167
Passed through Ohio Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	06507820-C2	186,508
Total U.S. Department of Education			13,215,982
U.S. Department of Labor			
Employment and Training Administration:			
Passed through Ohio Department of Education:			
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	MI-37027-21-60-A-39	11,285
Total U.S. Department of Labor			11,285
U.S. Department of the Treasury			
Passed through the Ohio Department of Higher Education:			
COVID-19 - Coronavirus Relief Fund	20.019	CRF-HigherEd	4,535
Total U.S. Department of the Treasury			4,535
Total Expenditures of Federal Awards			$ 13,231,802

(1) - Direct Award

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

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

NOTE 2 - OUTSTANDING LOANS

The College originates but does not make Federal Direct Student Loans (FDLs). For the fiscal year 2022, the College certified need for $3,141,508 in loans. The amount presented represents the value of new FDLs awarded during the fiscal year as follows:

Federal Subsidized Loans	$ 1,313,371
Federal Unsubsidized Loans	1,824,776
Parent PLUS Loans	3,361
Total FDL	$ 3,141,508

NOTE 3 - FEDERAL WORK-STUDY AND FEDERAL SEOG WAIVER

For the year ended June 30, 2022, 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.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

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

Board of Trustees
Central Ohio Technical College
Newark, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Central Ohio Technical College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 22, 2022

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

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

Board of Trustees
Central Ohio Technical College
Newark, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Ohio Technical College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. 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, 2022.

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.

cshco.com

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 22, 2022

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:

COVID-19 - Education Stabilization Fund
ALN 84.425E – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
ALN 84.425F – HEERF Institutional Portion
ALN 84.425M – HEERF Strengthening Institutions Program

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

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

None noted

Board of Trustees:

Title/Name	Term Expires	Surety	Amount of Coverage
Cheryl L. Snyder (1)	2024	(2)	$ 1,000,000
Chairperson Robert A. Montagnese	2023	(2)	1,000,000
J. Park Shai III	2022	(2)	1,000,000
Marion M. Sutton (1)	2024	(2)	1,000,000
Gordon Yance (1)	2022	(2)	1,000,000
Bruce E. Hawkins	2025	(2)	1,000,000
J. Andrew Crawford (1)	2023	(2)	1,000,000
Paul M. Thompson (1)	2023	(2)	1,000,000

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

(Continued)

Cabinet Members:

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

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

OHIO AUDITOR OF STATE
KEITH FABER

CENTRAL OHIO TECHNICAL COLLEGE

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/17/2023

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