



# **James A. Rhodes State College**

## **Allen County**

Year Ended June 30, 2024







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Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Trustees  
James A. Rhodes State College  
4240 Campus Drive  
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of James A. Rhodes State College, Allen County, prepared by Forvis Mazars, LLP, for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

**July 29, 2025**

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## **Independent Auditor's Report**

Board of Trustees  
James A. Rhodes State College  
Lima, Ohio

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

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

Management is responsible for the preparation and fair presentation of these 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing



procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

**Forvis Mazars, LLP**

**Fort Wayne, Indiana  
June 30, 2025**

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

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James A. Rhodes State College (College) Management's Discussion and Analysis (MD&A) presents an overview of its financial condition and assists the reader in focusing on significant financial issues for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Rhodes State College is a public, two-year, state-assisted institution located in Northwest Ohio, serving a ten-county region. The College offers more than 100 associate degrees, majors, and certificate programs, in addition to customized workforce training for local employers. Rhodes State College is accredited by the Higher Learning Commission, with the next reaffirmation visit scheduled for 2029.

***Financial and Other College Highlights***

The tuition rate for fiscal year 23-24 for a full-time student was \$5,550 for two semesters of 15 credit hours each, or \$190.00 per semester credit hour. The College still remains the most affordable option for higher education in our region.

State appropriations totaled \$10.6 million, approximately \$.8 million or 7% decrease from the prior year. These funds are critical to offset the continued impact of enrollment challenges across Ohio's public colleges.

***Overview of the Financial Statements***

The College's basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are 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*, as amended. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. All comments and discussions included in this MD&A relate to James A. Rhodes State College and do not relate to the James A. Rhodes State College Foundation unless specifically noted.

The three financial statements should help the reader of the financial statements understand how the College's overall financial condition has changed as a result of the current year's financial activities. The financial statements will also assist the reader in evaluating the ability of the College to meet its financial obligations. The Statement of Cash Flows presents information related to both cash inflows and cash outflows and is further categorized by operating, noncapital financing and capital financing, and investing activities.

***Statements of Net Position***

The Statement of Net Position presents financial information about the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby generally revenues and assets are recognized when the service is provided and expenses and liabilities are recognized that expenses and liabilities are recognized when incurred. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

**Condensed Financial Information Statements of Net Position**  
**(in thousands)**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets	\$ 14,786	\$ 15,373
Noncurrent assets	47,356	49,547
<b>Total Assets</b>	62,142	64,920
Deferred outflows of resources	4,056	5,910
<b>Liabilities</b>		
Current liabilities	3,203	3,546
Noncurrent liabilities	20,832	23,275
<b>Total Liabilities</b>	24,035	26,821
<b>Deferred Inflows of Resources</b>	2,944	3,908
<b>Net Position</b>		
Net investment in capital assets	40,998	41,994
Unrestricted (deficit)	(1,779)	(1,893)
<b>Total Net Position</b>	\$ 39,219	\$ 40,101

As of June 30, 2024, the College's total assets were \$62.1 million compared to \$64.9 million as of June 30, 2023. This difference in total assets is primarily the result of a decrease in capital assets being depreciated. Capital assets, net of accumulated depreciation, are the College's largest asset and represent 74% of total assets for fiscal years 2024 and 2023.

Cash and cash equivalents, the College's second largest asset group, declined slightly from \$11.2 million to \$10.8 million, primarily due to capital outlays during the year. Accounts receivable, net of allowances, were relatively stable, though scholarship allowances and changes in enrollment patterns continue to affect receivable balances year over year.

Deferred outflows of resources, which relate to pension and other post-employment benefits (OPEB), totaled \$4.1 million, down from \$5.9 million in 2023. This decline reflects changes in actuarial valuations and reduced volatility in pension-related assumptions.

**Liabilities**

Total liabilities decreased from \$26.8 million in 2023 to \$23.7 million in 2024. The primary factor in this reduction was a \$1.2 million decrease in the College's proportionate share of the net pension liability, was \$15.5 million as of the most recent measurement date. Bonds payable declined modestly as scheduled principal payments were made on outstanding debt. The College's subscription liability, associated with IT systems, continued to amortize, with \$335,710 in principal paid during the year.

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

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Deferred inflows of resources totaled \$2.9 million, down from \$3.9 million in 2023. These include deferred inflows related to pension and OPEB accounting, and the reduction is consistent with the overall trend in related liabilities and actuarial valuations.

***Net Position***

Net position at fiscal year-end was \$39.5 million, compared to \$40.1 million in the prior year. Of this, \$41.0 million is invested in capital assets, offset by related debt. The College reported a negative unrestricted net position of \$1.5 million, an improvement from a deficit of \$1.9 million in 2023, reflecting modest progress in financial operations and liability management. Overall, the decline in net position was modest and consistent with ongoing demographic and budgetary pressures facing public two-year colleges across Ohio.

***Statements Of Revenues, Expenses, and Changes in Net Position***

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The non-authoritative examples provided by the Governmental Accounting Standards Board Statement for GASB No. 35 illustrate that state appropriations should be classified as non- operating revenues. Therefore, as a result of this classification, the College reports an operating deficit prior to the addition of these appropriations as net non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

**Statement of Revenues, Expenses, and Changes in Net Position**  
**(in thousands)**

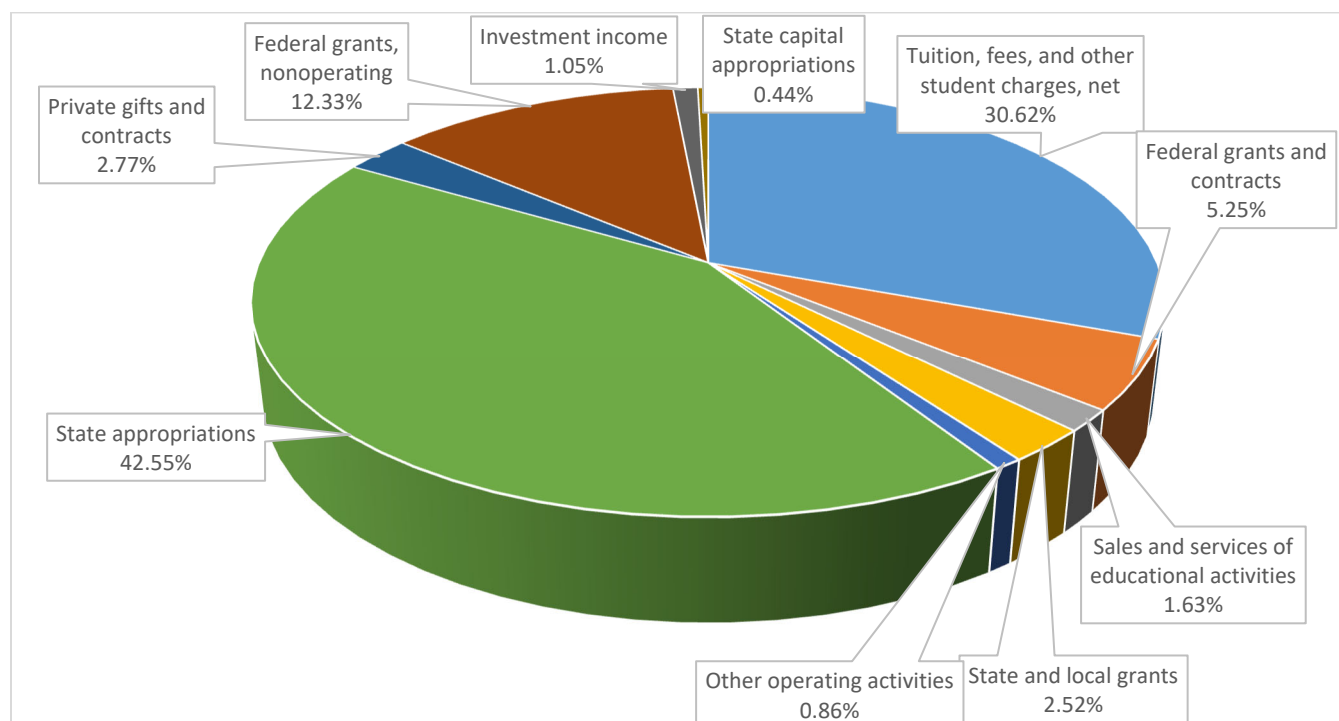
	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
Tuition, fees, and other student charges, net	\$ 7,578	\$ 6,375
Federal grants	1,299	2,198
Sales and services of educational activities	403	407
State and local grants	623	507
Other	212	151
<b>Total Operating Revenues</b>	<b>10,115</b>	<b>9,638</b>
<b>Operating Expenses</b>		
Education and general	22,594	24,668
Depreciation and amortization	2,793	2,726
<b>Total Operating Expenses</b>	<b>25,387</b>	<b>27,394</b>
Net operating (loss) income	(15,272)	(17,756)
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	10,531	10,362
Gifts	685	908
Federal grants	3,052	3,861
Net investment gain, net of investment expense	259	180
Interest on debt	(247)	(198)
Net non-operating revenues (expenses)	14,280	15,113
<b>Income Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(992)</b>	<b>(2,643)</b>
<b>Other Revenues, Expenses, Gains, or Losses</b>		
State capital appropriation	110	1,101
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>110</b>	<b>1,101</b>
<b>Change in Net Position</b>	<b>(882)</b>	<b>(1,542)</b>
<b>Net Position at, Beginning of Year</b>	<b>40,101</b>	<b>41,643</b>
<b>Net Position at, End of Year</b>	<b>\$ 39,219</b>	<b>\$ 40,101</b>

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

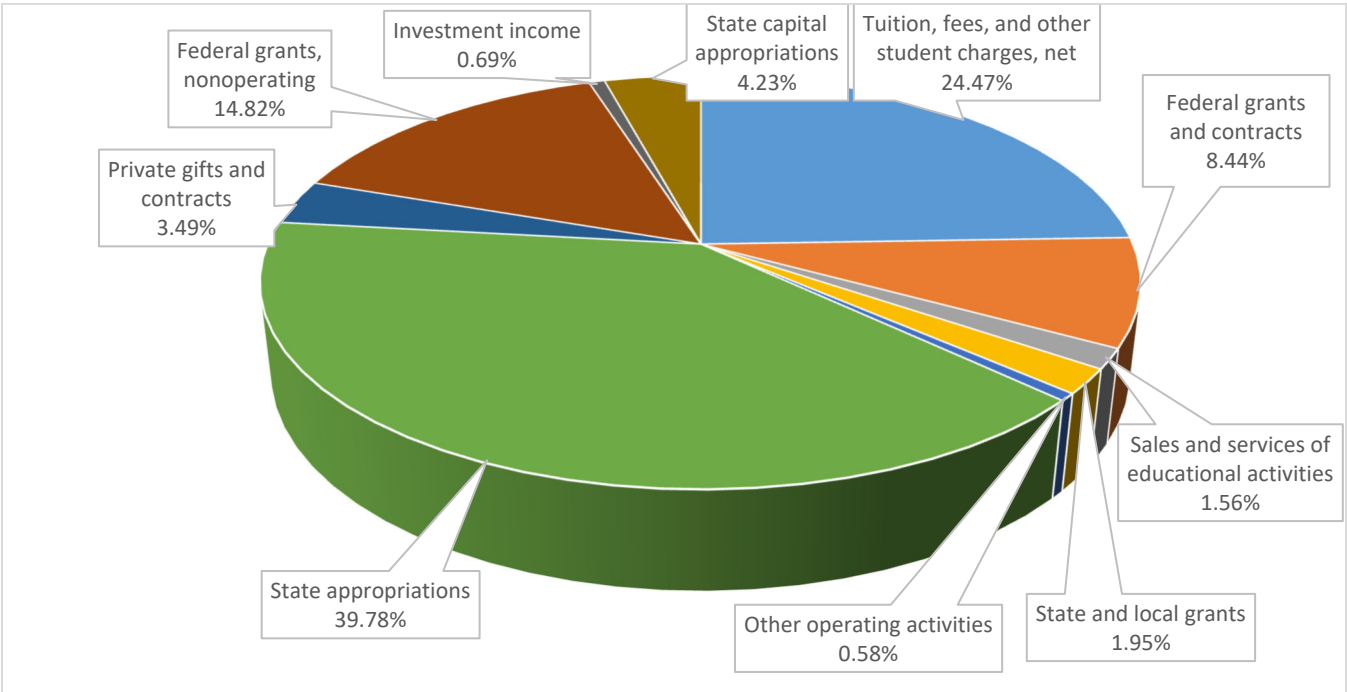
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The following is a graphic illustration of revenues by source for the year ended June 30, 2024, with comparative information for 2023:

***Operating and Nonoperating Revenues Fiscal Year 2024***



**Operating and Nonoperating Revenues Fiscal Year 2023**

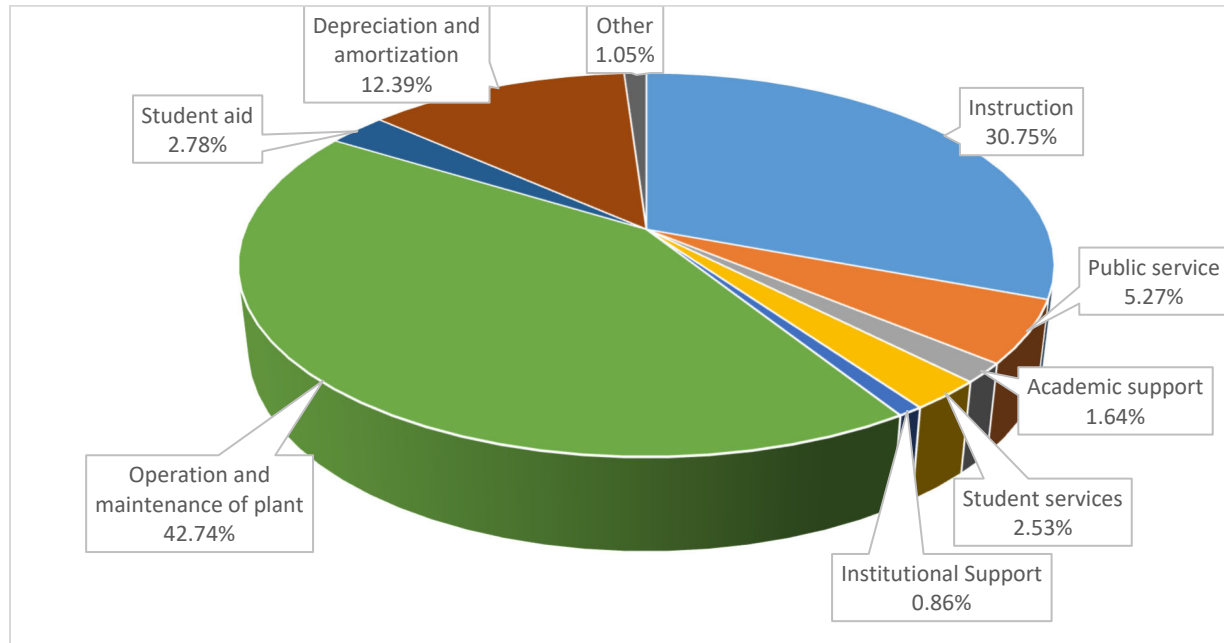


Some of the College's largest sources of revenues are State appropriations at 42.6%, and student tuition and fees (net of scholarship allowance) at 30.6% for fiscal year 2024. Total operating, non-operating, and other revenues were \$24.8 million for fiscal year 2024 and \$26.0 million for 2023. The decrease in federal grant revenue was due to a decrease in HEERF revenue. The recognition of capital appropriations also decreased in 2024.

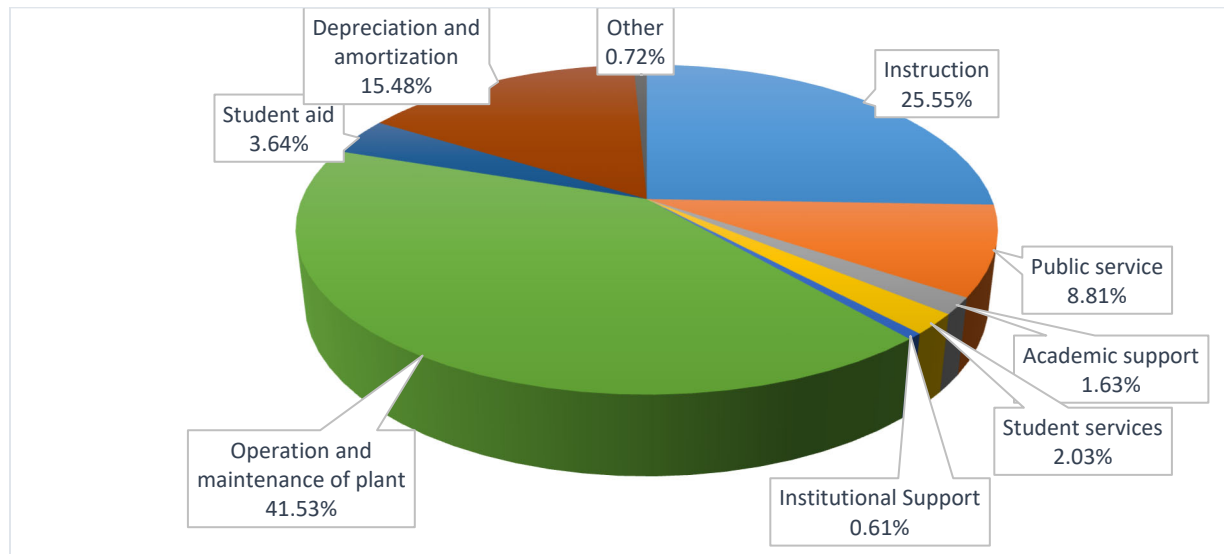
The following is a graphic illustration of expenses by function for the year ended June 30, 2024, with comparative information for 2023:

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

***Operating Expenses Fiscal Year 2024***



***Operating Expenses Fiscal Year 2023***



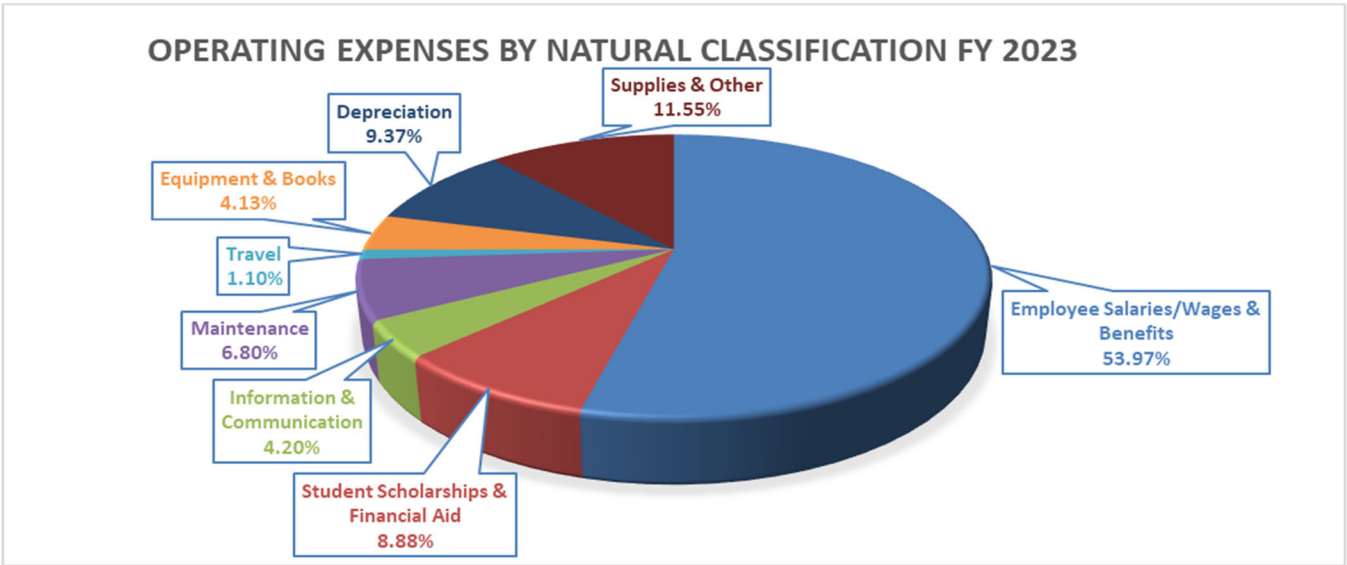
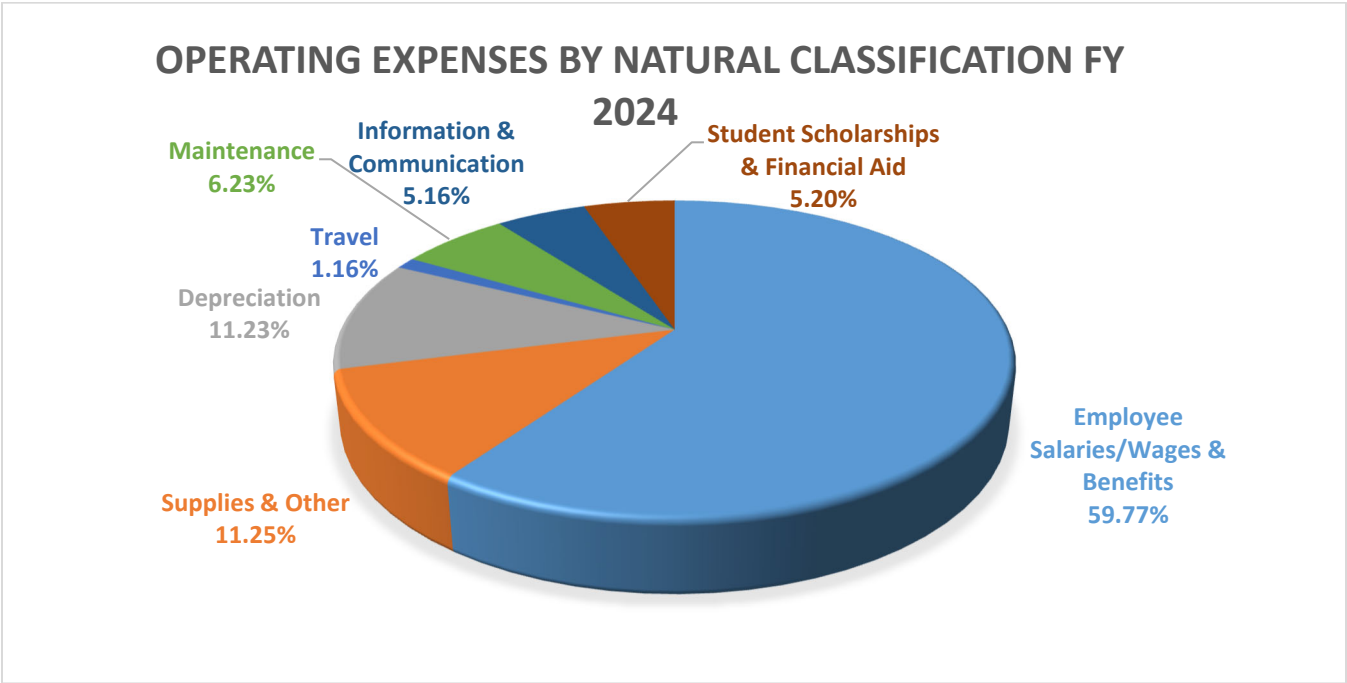
Instructional expenses were the largest functional category, comprising 30.8% of total expenses in fiscal year 2024 (\$7.6 million) and 25.6% in 2023 (\$6.4 million). Institutional support expenses accounted for .9% in 2024 (\$.2 million), up from .6% in 2023 (\$.1 million). Student services represented 2.5% of total expenses in 2024 (\$.6 million) and 2.0% in 2023 (\$.5 million). Public service expenses made up 5.3% in 2024 (\$1.3 million) and 8.8% in 2023 (\$2.2 million). Academic support was 1.6% in 2024 (\$.4 million) and 1.6% in 2023 (\$.4 million). Operation and maintenance expenses remained consistent at 42.7% in 2024 (\$10.5 million) and 41.5% in 2023 (\$10.3 million). Student aid expenses accounted for 2.8% in 2024 (\$.7 million) and 3.6% in 2023 (\$.9 million).



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Management's Discussion and Analysis  
June 30, 2024  
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Total operating and non-operating expenses were \$25.1 million in 2024 and \$27.4 million in 2023. The overall decline in expenses was primarily driven by reduced recognition of Other Post-Employment Benefits (OPEB)-related expenses under GASB 68 and GASB 75, as well as lower institutional support costs.

The following is a graphic illustration of expenses by natural classification for the year ended June 30, 2024, with comparative information for 2023:



Employee salaries/wages and benefits were the largest expense for the College at 60% and 54% of the College's total expenses for fiscal years 2024 and 2023 (comparative information), respectively. The next largest single expense was depreciation, which accounted for 11% and 9.4% of total College expenses for fiscal years 2024

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**Management's Discussion and Analysis**  
**June 30, 2024**  
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and 2023 (comparative information), respectively. Total operating expenses were \$25.3 million and \$27.4 million for fiscal years 2024 and 2023 (comparative information), respectively.

**Statements of Cash Flows**

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital, and non-capital financing and investing activities. Cash flow is an important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they become due. The primary purpose of the statement of cash flows is to provide information about the cash receipts and cash payments of the College during the period.

The statement of cash flows also helps financial statement readers assess:

- the ability to generate future net cash flows
- the ability to meet obligations as they become due
- the need for external financing

**Condensed Statement of Cash Flows (in thousands)**

	<u>2024</u>	<u>2023</u>
<b>Net Cash and Cash Equivalents Provided by (Used in)</b>		
Operating activities	\$ (13,309)	\$ (14,055)
Non-capital financing activities	13,583	14,224
Capital financing activities	(906)	(2,992)
Investing activities	<u>259</u>	<u>180</u>
Net decrease in cash and cash equivalents	(373)	(2,643)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>11,219</u>	<u>13,862</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 10,846</u></u>	<u><u>\$ 11,219</u></u>

Major sources of cash included in the operating activities were tuition, fees, and other receipts. Tuition and fees generated cash of \$7.1 million and \$6.4 million in fiscal years 2024 and 2023, respectively. Grants and contracts generated \$1.9 million and \$2.7 million in fiscal years 2024 and 2023, respectively.

Major uses of cash included in the operating activities were payments to employees for wages, payments to suppliers for goods and services, including construction expenses, and payments for student aid. Payments to employees and benefits amounted to \$16.5 million and \$15.5 million in fiscal years 2024 and 2023, respectively. Payments to suppliers and utilities amounted to \$2.6 million and \$6.8 million in fiscal years 2024 and 2023, respectively. Payments for student aid amounted to \$3.7 million and \$3.3 million in fiscal years 2024 and 2023, respectively.

Federal student grants is one of the sources of cash for non-capital financing activities and are used by students to finance the cost of tuition, books, and cost of living. The College received \$3.0 million and \$3.8 million in federal student grants in fiscal years 2024 and 2023, respectively. The accounting standards require the College to reflect this source of revenue as non-operating as our student's ability to pay their tuition is largely dependent upon the availability of this financing, and the College's budget depends on these funds to continue operations.

The primary source of non-capital and capital financing activity is state appropriations. The College received \$10.5 and \$10.3 for state share of instruction in 2024 and 2023, respectively. The College further received \$0.1 million for

**James A. Rhodes State College**  
**Management's Discussion and Analysis**  
**June 30, 2024**  
**(Unaudited)**

capital appropriation in fiscal year 2024 and \$1.1 million for capital appropriation in fiscal year 2023 (comparative information). Major uses of cash included in the capital financing activities were payments for some remodeling and purchasing equipment for new programs and on the existing debt and the subscription liability.

***Capital and Subscription Assets and Debt***

***Capital and Subscription Assets***

The total cost of capital and subscription assets was \$86.0 and 85.6 million for fiscal years 2024 and 2023, respectively. The accumulated depreciation and amortization was \$39.7 million and \$37.1 million for fiscal years 2024 and 2023, respectively. Depreciation and amortization expense for the fiscal years ended June 30, 2024 and 2023, was \$2.7 and \$2.7 million, respectively. A summary of net capital assets for the years ended June 30 is as follows:

	<b>2024</b>	<b>2023</b>
Land	\$ 1,620,033	\$ 1,620,033
Construction in progress	25,000	1,468,219
Land improvements	524,091	621,852
Infrastructure	73,269	81,379
Buildings and improvements	37,002,962	36,985,826
Moveable equipment	6,269,132	6,487,924
Subscription asset	684,364	1,026,547
Library	124,053	169,158
<b>Total Capital Assets, Net</b>	<b>\$ 46,322,904</b>	<b>\$ 48,460,938</b>

During fiscal year 2024, the College had an decrease in overall capital assets due to current year depreciation expense being greater than capital additions. For more information on capital assets, see Note 4 to the financial statements.

***Debt***

Following is a discussion of the components of debt and the activity for the years ended June 30, 2024 and 2023:

***2022 Series Available Receipt Bonds***

During fiscal year 2023, the College issued \$3,000,000 in Series 2022 bonds. The Series 2022 Bonds are a special obligation of the College and are payable solely from pledged receipts.

The 2022 Series Bonds issuance consists of \$3,000,000 in Series Bonds with expirations annually through 2032. The principal and interest payments were due monthly commencing November 15, 2022, and principal amounts range from \$19,382 to \$31,601 through maturity on October 15, 2032, plus interest a fixed rate of 4.88%.

***2013 Series State of Ohio Bonds and Corresponding Lease by the College***

During fiscal year 2013, the State of Ohio issued \$4,125,000 in State Community and Technical College Facilities Bonds on behalf of the College. The Bonds are special obligations of the State and are payable solely from certain pledged receipts, principally lease payments made under a lease between the Ohio Public Facilities Commission and the College.

**James A. Rhodes State College  
Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)**

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The 2013 Series issuance consists of \$2,185,000 in Series Bonds with expirations annually until 2025, a \$660,000 Term 1 coupon bond maturing 2028, and a \$1,280,000 Term 2 coupon bond maturing 2033. The Series bonds ranged from \$140,000 to \$205,000 principal and have an average coupon of 3.8%. The Term 1 coupon bonds carry an interest rate of 3.375% and the Term 2 coupon bonds carry an interest rate of 3.750%. The \$2,185,000 of Series Bonds was sold at a premium and lowered the total interest cost of the issuance. The effective interest rate of the issuance of 3.36% is the rate that the College will incur on the Lease to the State.

The College had the option to prepay amounts required by the lease on any date on or after December 1, 2023, at 100% of the principal amount redeemed plus accrued interest. For more information on debt, see Note 6 to the financial statements.

***Concluding Thoughts***

James A. Rhodes State College is well positioned to meet the needs of the people and communities we serve. With employment recovering in the region, the College is able to grow our Workforce and Economic Development services, supporting state initiatives, and making West Central Ohio an increasingly attractive place to live, learn, and do business. We were proud to announce the opening of The Borra Center for Health Sciences (Center) located in downtown Lima, Ohio, with classes starting session in August 2022. This facility represents a collaborative effort between the College, the City of Lima, Ohio, along with other businesses and organizations. The Center will drive community revitalization; enhance business development and innovation; and provide access to healthcare to the area's residents.

***Contacting the College's Financial Management***

This financial report is designed to provide the Ohio Board of Regents, our citizens, taxpayers, creditors, and other interested parties with a general overview of the College's financial position and to show the College's accountability for the money it received. If you have any questions about this report, or need additional financial information, contact the following:

Stephen D. Adkins, CPA

Vice President of Finance and Business  
4240 Campus Drive, Lima, Ohio 45804  
419-995-8342

**James A. Rhodes State College**  
**Statement of Net Position**  
**June 30, 2024**

	<b>James A. Rhodes State College</b>	<b>The James A. Rhodes State College Foundation</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,845,972	\$ 637,832
Investments	-	5,592,207
Accounts, pledges and notes receivable, net of allowances	3,940,078	184,746
<b>Total Current Assets</b>	<b>14,786,050</b>	<b>6,414,785</b>
<b>Noncurrent Assets</b>		
Pledges and notes receivable, net	-	505,414
Net OPEB asset	1,032,588	-
Subscription asset, net	684,364	-
Nondepreciable capital assets	1,645,033	-
Depreciable capital assets, net	43,993,507	-
<b>Total Noncurrent Assets</b>	<b>47,355,492</b>	<b>505,414</b>
<b>Total Assets</b>	<b>62,141,542</b>	<b>6,920,199</b>
<b>Deferred Outflows of Resources</b>		
Pensions	3,741,330	-
OPEBs	314,720	-
<b>Total Deferred Outflows of Resources</b>	<b>4,056,050</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 66,197,592</b>	<b>\$ 6,920,199</b>

**James A. Rhodes State College**  
**Statement of Net Position**  
**June 30, 2024**

**(Continued)**

	<b>James A. Rhodes State College</b>	<b>The James A. Rhodes State College Foundation</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 633,704	\$ 1,860
Accrued liabilities	30,983	218,862
Accrued compensated absences	69,437	-
Unearned revenue	1,671,515	-
Current portion of long-term debt	458,156	-
Current portion of subscription liability	338,889	-
<b>Total Current Liabilities</b>	<b>3,202,684</b>	<b>220,722</b>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	501,026	-
Long term debt, net	4,528,050	-
Subscription liability	342,183	-
Net pension liability	15,460,333	-
<b>Total Noncurrent Liabilities</b>	<b>20,831,592</b>	<b>-</b>
<b>Total Liabilities</b>	<b>24,034,276</b>	<b>220,722</b>
<b>Deferred Inflows of Resources</b>		
Intergovernmental	938,472	-
Pensions	1,189,012	-
OPEBs	816,420	-
<b>Total Deferred Inflows of Resources</b>	<b>2,943,904</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	40,997,809	-
Restricted		
Nonexpendable	-	3,007,006
Expendable	-	3,475,829
Unrestricted (deficit)	(1,778,397)	216,642
<b>Total Net Position</b>	<b>39,219,412</b>	<b>6,699,477</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 66,197,592</b>	<b>\$ 6,920,199</b>

**James A. Rhodes State College**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2024**

	<b>James A. Rhodes State College</b>	<b>College Foundation</b>
<b>Operating Revenues</b>		
Tuition, fees, and other student charges	\$ 9,974,912	\$ -
Less allowance for student scholarships	(2,397,328)	-
Net tuition, fees, and other student charges	7,577,584	-
Federal grants	1,299,120	-
Sales and services of educational activities	402,999	-
Private gifts and contracts	-	770,014
State and local grants	622,929	-
Other	212,451	-
<b>Total Operating Revenues</b>	<b>10,115,083</b>	<b>770,014</b>
<b>Operating Expenses</b>		
Education and general		
Instruction	8,732,722	-
Public service	1,836,165	-
Academic support	1,224,845	-
Student services	1,919,868	-
Institutional support	5,635,290	-
Operation and maintenance of plant	1,913,815	-
Student aid	1,305,632	-
Depreciation and amortization	2,793,143	-
Other	25,191	5,645
<b>Total Operating Expenses</b>	<b>25,386,671</b>	<b>5,645</b>
Net operating (loss) income	(15,271,588)	764,369
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	10,531,192	-
Gifts	685,000	-
Federal grants	3,052,126	-
Net investment gain, net of investment expense	259,196	636,476
Interest on debt	(247,503)	-
Payments to James A. Rhodes State College	-	(1,297,210)
Net non-operating revenues (expenses)	14,280,011	(660,734)
<b>Loss Before Other Revenues, Expenses, Gains or Losses</b>	<b>(991,577)</b>	<b>103,635</b>
<b>Other Revenues, Expenses, Gains or Losses</b>		
State capital appropriation	109,864	-
Additions to permanent endowments	-	17,025
<b>Total Other Revenues, Expenses, Gains or Losses</b>	<b>109,864</b>	<b>17,025</b>
<b>Change in Net Position</b>	<b>(881,713)</b>	<b>120,660</b>
<b>Net Position at, Beginning of Year</b>	<b>40,101,125</b>	<b>6,578,817</b>
<b>Net Position at, End of Year</b>	<b>\$ 39,219,412</b>	<b>\$ 6,699,477</b>

**James A. Rhodes State College**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

	<b>James A. Rhodes State College</b>
<b>Operating Activities</b>	
Tuition, fees, and other student charges	\$ 7,435,361
Sales and services of auxiliary enterprises	402,999
Grants and contracts	1,922,049
Other operating receipts	212,451
Payments for employee compensation and benefits	(16,513,198)
Payments to suppliers and utilities	(3,066,171)
Payments for student aid	(3,702,960)
	<hr/>
Net cash flows used in operating activities	(13,309,469)
<b>Noncapital Financing Activities</b>	
State share of instruction funds	10,531,192
Grants for noncapital purposes	3,052,126
	<hr/>
Net cash flows provided by noncapital financing activities	13,583,318
<b>Capital and Related Financing Activities</b>	
State capital appropriation	109,864
Grants for capital purposes	685,000
Payments to construct, renovate, or purchase capital assets	(655,109)
Principal paid on outstanding debt	(463,420)
Interest paid on outstanding debt	(197,681)
Principal paid on subscription liability	(335,710)
Interest paid on subscription liability	(49,822)
	<hr/>
Net cash flows used in capital and related financing activities	(906,878)
<b>Investing Activities</b>	
Other investment income	259,196
	<hr/>
Net cash flows provided by investing activities	259,196
<b>Net Change in Cash and Cash Equivalents</b>	(373,833)
<b>Cash and Cash Equivalents, Beginning of Year</b>	11,219,805
	<hr/>
<b>Cash and Cash Equivalents, End of Year</b>	\$ 10,845,972
	<hr/>
<b>Supplemental Disclosures of Noncash Information</b>	
Amortization of debt premium	\$ 7,218
	<hr/>



**James A. Rhodes State College**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

**(Continued)**

	<b>James A. Rhodes State College</b>
<hr/>	
<b>Reconciliation of Operating Loss to Net Cash Flows Used in Operating Activities</b>	
Operating loss	\$ (15,271,588)
Adjustments to reconcile net operating loss to net cash flows used in operating activities	
Depreciation and amortization expense	2,793,143
Accounts receivable bad debt adjustments	2,237,301
Adjustments to reconcile change in net position to net cash used in operating activities	
Accounts receivable	(2,858,581)
Prepaid expenses	834,714
Net OPEB asset	(99,846)
Deferred outflows of pension resources	1,633,154
Deferred outflows of OPEB resources	221,196
Accounts payable	(375,070)
Accrued salaries and wages	(343,389)
Accrued compensated absences	(299,043)
Unearned revenue and deposits	319,030
Net pension liability	(1,136,496)
Deferred inflows of pension resources	(302,089)
Deferred inflows of OPEB resources	(661,905)
	<hr/>
Net cash flows used in operating activities	<u><u>\$ (13,309,469)</u></u>

## **Note 1. Summary of Significant Accounting Policies**

### ***Reporting Entity***

James A. Rhodes State College (the "College") is a public, state-assisted institution of higher education. The College was chartered by the Ohio Board of Regents in 1971 as a political subdivision in accordance with the provisions of Chapter 3357 of the Ohio Revised Code. The College was originally called Allen County Technical Institute. In June 2002, the College officially changed its name to James A. Rhodes State College. The College is not a component unit of the State of Ohio, and therefore, is not included in its Annual Comprehensive Financial Report (ACFR).

The College provides degree granting career education programs, non-credit workforce development, and consulting for business and industry. The College prepares students for entry into careers, develops the regional workforce through credit and non-credit occupational training, and offers curricular programs that prepare students for transfer completion baccalaureate programs at selected colleges and universities.

The College operates under the control of a seven-member board of trustees. The board of trustees are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff.

The College is exempt from income taxes as a political subdivision under federal income tax laws and regulations of the Internal Revenue Service.

Component units are legally separate organizations for which the College is financially accountable for or for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financials to be misleading or incomplete.

### ***Foundation***

In accordance with GASB Codification Section 2600: Reporting Entity and Component Unit Presentation and Disclosure, the James A. Rhodes State College Foundation (the Foundation) is included as a discretely presented component unit in a separate column in the College's financial statements to emphasize that it is legally separate from the College. The Foundation, which is a separate not-for-profit foundation, meets the criteria set forth in the Codification Section 2600 due to the significance of its operational and financial relationship with the College. Note 11 provides selected disclosures from the Foundation. Complete financial statements of the Foundation may be obtained from the Office of Institutional Advancement at the following address: 4240 Campus Drive, Lima, Ohio 45804.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the College's financial reporting entity for these differences.

### ***Basis of Accounting and Presentation***

The financial statements of the College have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the related liability has been incurred. Interfund receivables and payables have been eliminated in the Statement of Net Position.

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement Nos. 34 and 35.

### ***Recent and Pending Accounting Pronouncements***

Effective July 1, 2023, the College adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. There was no impact on the College's financial statements due to the adoption of Statement No. 94.

Effective July 1, 2023, the College adopted GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective at various dates as outlined in the Statement. There was no impact on the College's financial statements due to the adoption of Statement No. 94.

Effective July 1, 2023, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. There was no impact on the College's financial statements due to the adoption of Statement No. 94.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The College has not yet determined the impact this statement will have on the financial statements.

### ***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, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

Cash consists primarily of cash in banks and money market accounts. Cash equivalents are short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less when purchased.

**Accounts, Pledges, and Notes Receivable**

**Accounts receivable:** Accounts receivable primarily include tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of an allowance for uncollectible accounts. The allowance for doubtful accounts is determined based on management's judgment of potential uncollectible amounts, based on historical experience, analysis of the aging of payment schedules, type of receivable, and other known facts and circumstances.

**Pledges receivable:** Pledged gifts for endowments from individuals, foundations, or corporations do not meet eligibility requirements as defined by GASB, to be recognized on the College's statement of net position. The Foundation receives pledges and bequests for the benefit of the College and as a FASB entity, recognizes those gifts on its financial report. Once the gift is received by the Foundation and transferred to the College, the College recognizes the gift income.

**Notes receivable:** Notes receivable are composed of mainly loans made to students under various federal loan programs. Such loans are recorded net of estimated uncollectible amounts.

**Capital and Subscription Assets**

Capital and subscription assets are stated at cost at the date of acquisition or, in the case of gifts, at acquisition value at the date of gift. Equipment, furniture, subscriptions and infrastructure items costing \$5,000 or more and having an estimated useful life of greater than one year are capitalized. All library books that have a useful life of more than one year are capitalized regardless of cost. Renovations to buildings, land improvements, and newly constructed buildings with a cost of \$50,000 or more, are capitalized. Routine repairs and maintenance and items costing less than the capitalization thresholds are charged to operating expense in the year in which the expense is incurred.

Land improvements	10 - 20 years
Infrastructure	10 - 25 years
Buildings and improvements	10 - 50 years
Moveable equipment	5 - 20 years
Library books	10 years
Subscriptions	3 years

**Capital and Subscription Asset Impairment**

The College evaluates capital and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and subscription asset has occurred. If a capital or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital and subscription asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the year ended June 30, 2024.

**Subscription Assets**

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying information technology (IT) asset.

### ***Unearned Revenue***

Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying Statement of Net Position as unearned revenue. Unearned revenue also includes the amounts received from grant and contract sponsors that have not yet been earned and amounts received from a tuition payment service for payments received for the next fiscal year. These will be recorded as revenue in the following fiscal year.

### ***Pensions***

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) Traditional and Combined Plans as well as the State Teachers Retirement System of Ohio Retirement Plan (STRS Ohio) (collectively referred to as the Pension Plans) and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to healthcare costs, and employer OPEB expense, information about the fiduciary net position of the OPERS OPEB Plan as well as the STRS Ohio OPEB Plan (collectively referred to as, the OPEB Plans) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, health care costs are recognized when due and payable in accordance with the health care terms. Investments are reported at fair value.

### ***Operating and Non-Operating Revenue***

The College defines operating activities, for purposes of reporting on the statement of revenues, expenses, and changes in net position, as those activities that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Substantially all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Codification 2200: *Annual Comprehensive Financial Report*, including state appropriations, certain federal grants, gifts, and investment income.

### ***Allowance for Student Scholarships***

Allowances for student tuition and fee revenues, and certain other revenues from students, are reported in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

### ***Bond Premiums and Issuance Costs***

Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an expense in the period incurred.

### ***Deferred Outflows/Inflows Of Resources***

Deferred outflows of resources are a consumption of net position by the College that is applicable to a future reporting period. Deferred outflows of resources of the College consist of net pension asset/liability and net OPEB asset/liability not included in pension expense and OPEB expense, respectively. Employer contributions to the

pension plans and OPEB plans subsequent to the measurement date of the net pension liability, OPEB asset and liability, respectively, are also required to be reported as a deferred outflow of resources of the College.

Deferred inflows of resources are an acquisition of net position by the College that is applicable to a future reporting period. Deferred inflows of resources consist of certain changes in net pension asset/liability not included in pension expense, net OPEB asset/liability not included in OPEB expense.

### ***Compensated Absences***

Regular full-time College employees are entitled to accrue sick leave benefits and vacation leave. Employees are eligible to accrue up to 15 days per year of sick leave, prorated accordingly in the case of part-time employees. Accumulation of sick leave benefits is unlimited. Upon retiring from active employment after ten or more years with a State of Ohio agency, an employee may elect to be paid in cash for one-fourth of the accrued balance but not to exceed 240 hours (30 days). The College calculates the compensated absences liability based on one-fourth of the unused sick leave balances up to a maximum accrual of 240 hours (30 days).

Regular full-time College employees are entitled to accrue vacation leave at varying rates depending on level of responsibility in the position and years of service, prorated accordingly in the case of part-time employees. Employees may accumulate vacation leave up to a maximum of 240 hours (30 days). Any vacation leave in excess of 240 hours (30 days) as of July 1 of each year is eliminated from the vacation leave balance. In the case of termination from the College, unused vacation leave up to 240 hours (30 days) will be paid to the employee, or to the next of kin or estate in the case of death. The College calculates the compensated absences liability based on the unused vacation balances up to a maximum accrual of 240 hours (30 days).

### ***Net Position***

Net position of the College is classified in four components on its statements of net position.

Net investment in capital assets consists of capital and lease assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use or construction of those assets.

Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the College, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. The College had no restricted expendable net position in the current year.

Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the College, such as permanent endowments. The College had no restricted nonexpendable net position in the current year.

Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

### ***Tax Status***

As a state institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income.

## Note 2. Cash and Cash Equivalents

The College's cash and investment activities are governed by policies adopted by the Board in accordance with authority granted by the Ohio Revised Code. Such policies are implemented by the treasurer and overseen by the Board's finance and audit committee.

### *Cash and Cash Equivalents*

At year-end, the carrying amount of the College's cash and cash equivalents was \$10,845,972. Cash and cash equivalents consist primarily of cash in banks, money market accounts, and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio is a statewide fund managed by the State Treasurer of Ohio with the carrying amount of the assets reported at amortized cost. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25,000,000.

At June 30, 2024, \$500,000 of cash and cash equivalents was covered by federal depository insurance; \$4,854,130 was covered by collateral held by third-party trustees pursuant to Paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remaining \$4,892,000 was not collateralized or insured leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the College may not be able to recover its deposits or collateral securities. The College maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

## Note 3. Accounts, Pledges, and Notes Receivable, Net

The accounts, pledges, and notes receivable as of June 30, 2024, are summarized as follows:

Accounts receivable	
Student receivables	\$ 3,031,968
College credit plus receivables	899,380
Grants and contracts	679,254
Other receivables	<u>229,755</u>
Total accounts receivable	4,840,357
Less allowances for doubtful accounts	<u>(900,279)</u>
Total	<u>\$ 3,940,078</u>

**James A. Rhodes State College**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 4. Capital and Subscription Assets**

The capital assets and accumulated depreciation as of June 30 are summarized as follows:

	2024				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Capital assets					
Land	\$ 1,620,033	\$ -	\$ -	\$ -	\$ 1,620,033
Construction in progress	1,468,219	25,000	-	(1,468,219)	25,000
Total nondepreciable capital assets	3,088,252	25,000	-	(1,468,219)	1,645,033
Land improvements	1,967,308	-	-	-	1,967,308
Infrastructure	239,033	-	-	-	239,033
Buildings and improvements	59,253,687	539,181	(234,696)	1,093,092	60,651,264
Moveable equipment	18,051,225	76,075	-	375,127	18,502,427
Library books	1,632,976	14,853	-	-	1,647,829
Total depreciable capital assets	81,144,229	630,109	(234,696)	1,468,219	83,007,861
Total capital assets	84,232,481	655,109	(234,696)	-	84,652,894
Less accumulated depreciation:					
Land improvements	1,345,456	97,761	-	-	1,443,217
Infrastructure	157,654	8,110	-	-	165,764
Buildings and improvements	22,267,861	1,615,137	(234,696)	-	23,648,302
Moveable equipment	11,563,301	669,994	-	-	12,233,295
Library books	1,463,818	59,958	-	-	1,523,776
Total accumulated depreciation	36,798,090	2,450,960	(234,696)	-	39,014,354
Total capital assets, net	\$ 47,434,391	\$ (1,795,851)	\$ -	\$ -	\$ 45,638,540

Subscription asset activity for the year ended June 30, 2024, was:

	2024			
	Beginning Balance	Additions	Disposals	Ending Balance
Subscription IT asset	\$ 1,368,730	\$ -	\$ -	\$ 1,368,730
Less accumulated amortization				
Subscription IT asset	342,183	342,183	-	684,366
Subscription assets, net	\$ 1,026,547	\$ (342,183)	\$ -	\$ 684,364



## **Note 5. Long-Term Liabilities**

The long-term liabilities as of June 30 are summarized as follows:

	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Indebtedness and subscription liabilities					
Bonds payable	\$ 5,375,832	\$ -	\$ 456,201	\$ 4,919,631	\$ 458,156
Premium on bonds	73,794	-	7,218	66,576	7,219
Subscription liabilities	1,016,782	-	335,710	681,072	338,889
Total indebtedness	6,466,408	-	799,129	5,667,279	804,264
Other liabilities					
Compensated absences	869,506	-	299,043	570,463	69,437
Pension	16,596,829	-	1,136,496	15,460,333	-
OPEB liability (asset)	153,103	-	1,185,691	(1,032,588)	-
Total other liabilities	17,619,438	-	2,621,230	14,998,208	69,437
Total	\$ 24,085,846	\$ -	\$ 3,420,359	\$ 20,665,487	\$ 873,701

## **Note 6. Indebtedness**

### **2013 Series State of Ohio Bonds and Corresponding Lease by the College**

During fiscal year 2013, the State of Ohio issued \$4,125,000 in State Community and Technical College Facilities Bonds on behalf of the College. The Bonds are special obligations of the State and are payable solely from certain pledged receipts, these loan payments are made under an agreement between the Ohio Public Facilities Commission and the College.

The purpose of the bonds was to (1) advance refund all of the outstanding principal amount of the College's General Receipts Bonds, series 2003, dated October 1, 2003 and (2) pay the costs of certain capital facilities to the College. The proceeds were also used to pay costs incidental to the issuance and sale of the Bonds which amounted to \$74,375.

Although the bond holders will be paid semiannually by the State, the College is required to make loan payments to the State which corresponds to the amounts due bonds on a monthly basis. The College is making loan payments to the Ohio Public Facilities Commission. The agreement between the College and the State requires loan payments from the College sufficient to pay the debt service on the bonds, certain administrative costs of the Treasurer and any additional amounts required to be paid into the applicable Rebate Fund. The Treasurer has pledged these payments in accordance with the Trust Agreement to pay the bondholders.

The Bonds carry an interest rate of 3.375% for the portion of the bonds maturing December 1, 2028, and 3.750% for the portion of the bonds maturing December 1, 2033. The effective yield for those bonds is 3.55% and 3.9%, as the bonds were issued with \$145,982 premium. This is the rate that the College will pay on the loan to the State.

The College's pledged receipts are from the appropriations made to it by the State. If the State appropriations are insufficient and the College is unable to pay the loan payments from other sources the State will advance the amounts to cover the loan payments to the College.

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The College has the option to prepay amounts required by the agreement on any date on or after December 1, 2023 at 100% of the principal amount redeemed plus accrued interest.

The indebtedness created through the issuance of General Receipts' bonds is collateralized by a pledge of all general receipts, excluding state appropriations and monies received for restricted purposes.

The College has a \$3,000,000 bond obligation at 4.88% interest that has a maturity date of October 19, 2032.

The principal and interest payments for the bonds in future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 458,156	\$ 205,095	\$ 663,251
2026	476,222	183,929	660,151
2027	499,950	162,473	662,423
2028	519,156	140,926	660,082
2029	539,515	118,058	657,573
2030-2034	<u>2,426,632</u>	<u>225,458</u>	<u>2,652,090</u>
Total	<u>\$ 4,919,631</u>	<u>\$ 1,035,939</u>	<u>\$ 5,955,570</u>

The College incurred total interest costs of \$247,503 for the year ended June 30, 2024.

## **Note 7. Subscription Liabilities**

The College has a subscription-based information technology arrangement (SBITA), the terms of which expire in 2026. During the year ended June 30, 2024, the College did not recognize any subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITA as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 338,889	\$ 34,083	\$ 372,972
2026	<u>342,183</u>	<u>18,002</u>	<u>360,185</u>
	<u>\$ 681,072</u>	<u>\$ 52,085</u>	<u>\$ 733,157</u>

## **Note 8. Pension Plans**

Substantially all non-student employees are covered by one of three retirement plans. The College faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Non-faculty employees are covered by the Ohio Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP). See Note 10 for additional information on the ARP.

OPERS and STRS Ohio are cost-sharing, multiple-employer statewide retirement systems each comprised of three separate plans: (1) a defined benefit plan, (2) a defined contribution plan, and (3) a combined defined benefit/defined contribution plan. Each of the three options is discussed in greater detail in the following sections. In addition to retirement benefits, the systems also provide disability, survivor and postretirement health benefits to qualifying members of the defined benefit plan, combined plan and beneficiaries. Benefits provided under the plans are established by state statute.

### ***Defined Benefit Plans***

Both STRS Ohio and OPERS (traditional and combined plans) are cost-sharing multiple-employer statewide retirement systems. Both plans provide retirement, disability, postretirement health care coverage, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute.

STRS Ohio and OPERS issue stand-alone financial reports. Copies of these reports may be obtained by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org), or visiting the OPERS website at [www.opers.org](http://www.opers.org).

### ***Benefits Provided***

STRS Ohio plan benefits are established under Chapter 3307 of the Ohio Revised Code (ORC), as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustment as the need or opportunity arises, depending on the retirement system's funding progress.

Any member in the STRS Ohio plan may retire who has (1) five years of service credit and attained age 60; (2) 28 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a factor ranging from 2.2% to 2.6% with 0.1% incremental increases for years greater than 30-31, depending on retirement age. Additionally, there are no cost-of-living adjustments.

A 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 receive a disability benefit. Additionally, 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.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

OPERS plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0% to 2.5%.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500-\$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel, who are eligible immediately upon employment.

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Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3%.

**Contribution Requirements**

The STRS Plan employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate and member contribution rate is 14.0% of covered payroll (for both pension and OPEB and the Plan determines how much to allocate to OPEB each year). For STRS Ohio, the College contributed \$774,263 for the year ended June 30, 2024.

OPERS plan contributions are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. During calendar years 2020 and 2019 and forward, employees covered by the OPERS system were required by state statute to contribute 10.0% of their salary to the plan. The College was required to contribute 14.0% of covered payroll, and the Plans determine how much to allocate to OPEB each year. Law enforcement employees who are a part of the OPERS law enforcement division contribute 13.0% of their salary to the plan for the calendar year. For these employees, the College was required to contribute 18.1% of covered payroll for the same years. The member contribution rate for all other employees and the College's contribution rate remained unchanged. The College contributed \$620,695 for the year ended June 30, 2024. For 2024, no portion of employer contributions to OPERS were allocated to health care (OPEB) for members in the Traditional Plan.

The payroll for employees covered by STRS Ohio for the year ended June 30, 2024, was approximately \$5,767,031. The payroll for employees covered by OPERS for the year ended June 30, 2024, was approximately \$4,433,541.

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

The net pension liability was measured as of December 31, 2023, for the OPERS traditional plan and June 30, 2023, for the STRS Ohio plan. Following is information related to the proportionate share and pension expense:

	2024	
	STRS Ohio	OPERS
	Total	
Proportionate share of the net pension liability	\$ 8,977,566	\$ 6,482,767
Proportion of the net pension liability		
Current measurement date	0.04168837%	0.02506689%
Prior measurement date	0.04195619%	0.02481493%
Change in proportionate share	-0.00026782%	0.00025196%
Pension expense/(revenue)	\$ (534,560)	\$ (86,714)

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

	<b>2024</b>		
	<b>STRS Ohio</b>	<b>OPERS</b>	<b>Total</b>
Deferred outflows of resources			
Differences between expected and actual actuarial	\$ 327,303	\$ 116,386	\$ 443,689
Changes in assumptions	739,351	2,956	742,307
Net difference between projected and actual earnings on pension plan investments	-	1,337,645	1,337,645
Changes in proportion and differences between College contributions and proportionate share of contributions	-	103,262	103,262
College contributions subsequent to the measurement date	806,874	307,553	1,114,427
<b>Total</b>	<b>\$ 1,873,528</b>	<b>\$ 1,867,802</b>	<b>\$ 3,741,330</b>
Deferred inflows of resources			
Differences between expected and actual actuarial	\$ 19,922	\$ 7,621	\$ 27,543
Changes in assumptions	556,519	-	556,519
Net difference between projected and actual earnings on pension plan investments	26,906	-	26,906
Changes in proportion and differences between College contributions and proportionate share of contributions	558,167	19,877	578,044
<b>Total</b>	<b>\$ 1,161,514</b>	<b>\$ 27,498</b>	<b>\$ 1,189,012</b>

Deferred inflows and outflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized over five years. The remaining deferred inflows and outflows of resources are amortized over the average remaining service lives of the active and inactive participants in the plan. Deferred outflows of resources includes \$1,114,430 for the year ended June 30, 2024, for College contributions subsequent to the measurement dates of the Plans and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

	<b>STRS Ohio</b>	<b>OPERS</b>	<b>Total</b>
Year ended June 30			
2025	\$ (387,357)	\$ 423,172	\$ 35,815
2026	(529,011)	454,905	(74,106)
2027	880,685	859,908	1,740,593
2028	(59,177)	(192,767)	(251,944)
2029	-	(1,882)	(1,882)
Thereafter	-	(10,585)	(10,585)
	<b>\$ (94,860)</b>	<b>\$ 1,532,751</b>	<b>\$ 1,437,891</b>

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**Actuarial Assumptions Used for the Year-Ended June 30, 2024**

For STRS Ohio, the total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**STRS Ohio**

Projected salary increases	Varies by service from 2.5% to 8.5%
Wage Inflation	3.00 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent

For OPERS, the total pension liability/asset in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>OPERS</b>	<b>Traditional Pension Plan</b>	<b>Combined Plan</b>
Wage Inflation	2.75 percent	2.75 percent
Projected salary increases	2.75 percent to 10.75 percent (includes wage inflation at 2.75 percent)	2.75 percent to 8.25 percent (includes wage inflation at 2.75 percent)
Investment rate of return and discount	6.90 percent	6.90 percent
Cost-of-living adjustments (COLA)	Pre January 7, 2013 retirees: 3.00 percent simple Post January 7, 2013 retirees: 2.30 percent simple through 2023, then 2.05 percent simple	Pre January 7, 2013 retirees: 3.00 percent simple Post January 7, 2013 retirees: 2.30 percent simple through 2023, then 2.05 percent simple

**Mortality Rates:** STRS Ohio post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

OPERS pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the 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.

**Experience Studies:** STRS actuarial assumption used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. OPERS actuarial assumptions used in the December 31, 2021 valuation are based on the results of an actual experience study for the period January 1, 2016 through December 31, 2020.

**Investment Return Assumptions:** STRS Ohio utilizes investment consultants to develop an estimated range for the investment return assumption based on the target allocation adopted by the respective Retirement Board of STRS Ohio.

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The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were 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 allocation percentage, adjusted for inflation.

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

	STRS Ohio		OPERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	26.00 %	6.60 %	21.00 %	4.27 %
International equities	22.00	6.80	20.00	5.16
Alternative investments/Private equity	19.00	7.38	15.00	7.52
Fixed income	22.00	1.75	24.00	2.85
Real estate	10.00	5.75	13.00	4.46
Risk parity	-	-	2.00	4.38
Other	1.00	1.00	5.00	3.46
Total	100.00 %		100.00 %	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.00% for STRS as of the measurement date (June 30, 2023). 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability (asset) was 6.90% for OPERS as of the measurement date (December 31, 2023). The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

**Sensitivity of Net Pension Liability (Asset) to Changes in Discount Rate:** The following presents the College's proportionate share of the STRS Ohio and OPERS net pension liability (asset) calculated using a discount rate 1% higher and 1% lower than the plans' current rate.

	<b>1% Decrease (6.00%)</b>	<b>2024 Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
STRS Ohio	\$ 13,805,507	\$ 8,977,566	\$ 4,894,446
	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
OPERS - Traditional Plan	\$ 10,299,629	\$ 6,542,382	\$ 3,417,632
OPERS - Combined Plan	(34,901)	(59,615)	(75,619)

## **Note 9. Defined Contribution Retirement Plans**

Full-time faculty and unclassified employees are eligible to participate in the Alternative Retirement Plan (ARP) offered by STRS Ohio and OPERS. Full-time faculty and unclassified employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of six providers currently approved by the Ohio Department of Insurance and who hold agreements with the College. The College's Board of Trustees has established the employer and employee contributions requirements, which are noted below.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. The required contribution was 2.91% for STRS Ohio and 2.24% for OPERS of covered payroll for the year ended June 30, 2024. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The College plan provides these employees with vesting after one year. The pension expense for the ARP was \$14,553 for the year ended June 30, 2024.

ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits, or death benefits to plan members and beneficiaries. Benefits consist of the sum of contributions and investment returns earned by each participant's choice of investment options.

The payroll for employees electing the alternative retirement program for the year ended June 30, 2024 was approximately \$948,000.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options. Effective, January 1, 2022, members were no longer able to select this option.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 9.53% are placed in an investment account directed



by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

## **Note 10. Postemployment Benefits Other Than Pensions (OPEB) Plans**

### ***OPEB Plans***

STRS Ohio is a cost-sharing multiple employer statewide retirement plan. STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$110.8 million or 29% of the total health care costs in fiscal 2023 (excluding deductibles, coinsurance and copayments).

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2023, STRS Ohio received \$100.5 million in Medicare Part D government reimbursements.

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. Authority to establish and amend health care coverage is provided in Chapter 145 of the ORC. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2023 Annual Comprehensive Financial Report.

The OPERS funding policy provides for periodic member and employer contributions at rates established by the Board, subject to limits set in statute. With assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. All contribution rates were within the limits authorized by the ORC. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2023.

STRS Ohio and OPERS issue stand-alone financial reports. Copies of these reports may be obtained by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org), or visiting the OPERS website at [www.opers.org](http://www.opers.org).

The payroll for employees covered by STRS Ohio for the year ended June 30, 2024, was \$5,767,729. The payroll for employees covered by OPERS for the year ended June 30, 2024, was \$4,433,541. There were no employer contributions made to fund post-employment benefits for the year ended June 30, 2024.

***OPEB Liability and Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:***

The net OPEB asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, for the OPERS Plan. The amount used to allocate the net OPEB asset, deferred inflows/outflows and OPEB expense was based on the total employer (pension and OPEB) contributions during the measurement period which was determined by the OPERS plan to be a reliable approximation of long-term contribution effort to the plan.

The net OPEB asset was measured as of June 30, 2023, for the STRS Ohio plan. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date for the plan. The amount used to allocate the net OPEB asset, deferred inflows/outflows and OPEB expense was based on the total employer (pension and OPEB) contributions during the measurement period which was determined by the STRS Ohio plan to be a reliable approximation of long-term contribution effort to the plan.

Following is information related to the proportionate share and OPEB revenue:

	2024	
	STRS Ohio	OPERS
Proportionate share of the net OPEB liability/(asset)	\$ (811,000)	\$ (221,588)
Proportion of the net pension liability		
Current measurement date	0.04168837%	0.02455200%
Prior measurement date	0.04195619%	0.02428200%
Change in proportionate share	-0.00026782%	0.00027000%
OPEB revenue	\$ (137,563)	\$ (36,406)

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

	<b>2024</b>		
	<b>STRS Ohio</b>	<b>OPERS</b>	<b>Total</b>
Deferred outflows of resources			
Differences between expected and actual actuarial experience	\$ 1,000	\$ -	\$ 1,000
Net difference between projected and actual earnings on OPEB plan investments	2,000	133,076	135,076
Changes in assumptions	119,000	57,048	176,048
Changes in proportion and differences between College contributions and proportionate share of contributions	1,424	1,172	2,596
<b>Total</b>	<b>\$ 123,424</b>	<b>\$ 191,296</b>	<b>\$ 314,720</b>
Deferred inflows of resources experience	\$ 124,000	\$ 31,538	\$ 155,538
Changes in assumptions	535,000	95,254	630,254
Changes in proportion and differences between College contributions and proportionate share of contributions	28,493	2,135	30,628
<b>Total</b>	<b>\$ 687,493</b>	<b>\$ 128,927</b>	<b>\$ 816,420</b>

Deferred inflows and outflows of resources related to the net difference between projected and actual earnings on OPEB plan investments is amortized over five years. The remaining deferred inflows and outflows of resources are amortized over the average remaining service lives of the active and inactive participants in the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

	<b>STRS Ohio</b>	<b>OPERS</b>	<b>Total</b>
Year ended June 30			
2025	\$ (261,113)	\$ (6,711)	\$ (267,824)
2026	(112,626)	9,697	(102,929)
2027	(42,285)	103,588	61,303
2028	(56,708)	(44,205)	(100,913)
2029	(51,552)	-	(51,552)
Thereafter	(39,785)	-	(39,785)
	<b>\$ (564,069)</b>	<b>\$ 62,369</b>	<b>\$ (501,700)</b>

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For STRS Ohio, the total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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**STRS Ohio**

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Projected salary increases	Varies by service from 2.5% to 8.5%
Projected payroll increases	3.00 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation
Discount rate	7.00 percent
Health care cost trends	
Medical	
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate
Medicare	(10.94) percent initial, 4.14 percent ultimate
Prescription Drug	
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate

For OPERS, the total OPEB liability at the December 31, 2023 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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**OPERS**

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Single discount rate	5.22 percent
Investment rate of return	6.00 percent
Municipal bond rate	4.05 percent
Wage inflation	2.75 percent
Projected salary increases	2.75 percent to 10.75 percent (includes wage inflation)
Health care cost trends	5.5 percent initial, 3.50 percent ultimate in 2036

### Actuarial Assumptions Used For the Year-Ended June 30, 2024

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

OPERS pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the 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.

**Experience Studies:** STRS actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. OPERS actuarial assumptions used in the December 31, 2022 valuation are based on the results of an actuarial experience study for the period 2016 through 2020.

**Investment Return Assumptions:** STRS Ohio utilizes investment consultants to develop an estimated range for the investment return assumption based on the target allocation determined by the respective Retirement Board of STRS Ohio.

The long-term expected rate of return on OPERS health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were 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 allocation percentage, adjusted for inflation.

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

Asset Class	STRS Ohio		OPERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	26.00 %	6.60 %	26.00 %	6.60 %
International equities	22.00	6.80	22.00	6.80
Alternative investments	19.00	7.38	19.00	7.38
Fixed income	22.00	1.75	22.00	1.75
Real estate	10.00	5.75	-	-
REITs	-	-	10.00	5.75
Other	1.00	1.00	1.00	1.00
Total	100.00 %		100.00 %	

**James A. Rhodes State College**  
**Notes to Financial Statements**  
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**Discount Rate:** For STRS Ohio the discount rate used to measure the total OPEB asset at the measurement date was 7.00% as of June 30, 2023. 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 those 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, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB asset as of June 30, 2023.

For OPERS, a single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. 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 was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

The following presents the College's proportionate share of the STRS Ohio and OPERS net OPEB (asset) liability calculated using a discount rate 1% higher and 1% lower than the plans' current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
STRS Ohio	\$ (686,220)	\$ (811,000)	\$ (919,261)
	<b>1% Decrease (4.70%)</b>	<b>Current Discount Rate (5.70%)</b>	<b>1% Increase (6.70%)</b>
OPERS	\$ 121,778	\$ (221,588)	\$ (506,017)

**Sensitivity of Net OPEB (Asset) Liability to Changes in Healthcare Cost Trend Rates:** The following presents the College's proportionate share of the STRS Ohio and OPERS net OPEB (asset) liability calculated using healthcare cost trend rates 1% higher and 1% lower than the plans' current rate:

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
STRS Ohio	\$ (924,295)	\$ (811,000)	\$ (674,056)
OPERS	(230,789)	(221,588)	(211,147)

Detailed information about the OPEB plans' fiduciary net position is available in the separately issued STRS Ohio and OPERS financial report.

## Note 11. Discretely Presented Component Unit

The James A. Rhodes State College Foundation (Foundation) is a separate not-for-profit entity organized for the purpose of promoting educational and research activities of the College. Since the resources held by the Foundation can be used only by and for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Foundation issues reports using standards issued by the Financial Accounting Standards Board.

Amounts received by the College from the Foundation are restricted and are included in gifts in the accompanying financial statements. The Foundation values its investments at fair value.

Summary financial information for the Foundation as of June 30, 2024, the date of its most recent audited financial report, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at end of year	\$ 216,642	\$ 6,482,835	\$ 6,699,477
Change in net assets for the year	15,449	105,211	120,660
Distributions to the College	1,297,210	-	1,297,210

## Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment are not considered to be cash and cash equivalents. At June 30, 2024, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2024, the Foundation's cash accounts exceeded federally insured limits by approximately \$386,000.

### ***Investments***

The Foundation measures securities at fair value based primarily on quoted market prices, as established by the major securities markets.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

### ***Fair Value Measurements***

The Foundation uses fair value measurements to record the fair value of certain assets and liabilities and to determine fair value disclosures. Financial assets and liabilities recorded on the Statement of Financial Position are categorized based on the inputs and valuation techniques as follows:

- Level 1** – Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ or an active over-the-counter market.
- Level 2** – Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.
- Level 3** – Inputs that are unobservable including the Foundation's own assumptions in determining the fair value of investments or liabilities.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Liabilities associated with the split-interest funds represent the present value of the expected payments to the beneficiaries over the terms of the agreements.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Foundation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.



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The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Foundation measured at fair value on a recurring basis as of June 30, 2024:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
	Total Fair Value			
<b>Assets</b>				
Cash equivalents	\$ 149,093	\$ 149,093	\$ -	\$ -
Investments				
Common stocks				
ETF - international	430,308	430,308	-	-
ETF - mid cap	297,611	297,611	-	-
ETF - small cap	254,269	254,269	-	-
Telcomm	211,877	211,877	-	-
Consumer discret	239,900	239,900	-	-
Consumer staples	116,168	116,168	-	-
Information technology	723,716	723,716	-	-
Real estate	41,361	41,361	-	-
Energies	67,167	67,167	-	-
Utilities	58,857	58,857	-	-
Industrials	181,022	181,022	-	-
Financial	251,119	251,119	-	-
Healthcare	251,327	251,327	-	-
Materials	47,168	47,168	-	-
Equity funds				
Mutual funds	289,960	289,960	-	-
Equity class I fund	42,322	42,322	-	-
Institutional class fund	574,313	574,313	-	-
Index funds	229,173	229,173	-	-
Fixed income	1,135,476	1,135,476	-	-

***Pledges Receivable***

As of June 30, 2024, contributors to the Foundation have made unconditional pledges totaling \$704,977. Management has set up an allowance for uncollectible pledges of \$44,786 at June 30, 2024. All pledges have been classified as restricted expendable net positions since they will be fulfilled within a specified period of time or meet donor-imposed stipulations.

The Foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions are not permitted to be recorded as they are deemed intentions to give and not promises to give.

### **Endowment**

The Foundation's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), as adopted by the State of Ohio. As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Foundation's endowment consists of approximately 59 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2024, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment			
Historical gift value	\$ -	\$ 3,058,855	\$ 3,058,855
Cumulative appreciation	-	2,555,377	2,555,377
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net assets	<u>\$ -</u>	<u>\$ 5,614,232</u>	<u>\$ 5,614,232</u>

**James A. Rhodes State College**  
**Notes to Financial Statements**  
**June 30, 2024**

Change in endowment net assets for the year ended June 30, 2024, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2023	\$ -	\$ 4,955,731	\$ 4,955,731
Contributions	-	22,025	22,025
Dividend and interest income, net of investment expense		106,276	106,276
Realized and unrealized gains	-	530,200	530,200
Endowment net assets, June 30, 2024	<u>\$ -</u>	<u>\$ 5,614,232</u>	<u>\$ 5,614,232</u>

***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, approved by the Board of Directors, the endowment assets are invested to manage the contributions in a manner that will maximize the benefit intended by the donor, produce current income to support the programs of the College and donor objectives, and achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. The long term annualized total net rate of return objective is inflation plus five percent. Investment objectives will be achieved by maximizing total return consistent with prudent risk limits. Actual returns in any given year may vary from this amount. To satisfy its long-term net rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends).

Ohio law states that the appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of an endowment fund calculated on the basis of fair market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made creates a rebuttable presumption of imprudence. For an endowment fund in existence for fewer than three years, the fair market value of the endowment fund must be calculated for the period that the fund has been in existence.

The Foundation has elected to distribute annually five percent of the trailing 12 quarter average of the Foundation's total asset value. The Foundation believes that such a policy should allow for steady growth for the support of operations and minimize the probability of invading the principal over time. The Investment Committee reviews the spending policy periodically against actual returns in order to consider adjustments necessary for the preservation of the purchasing power of the endowment.

***Underwater Endowments***

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2024, there were no underwater endowment funds.

## **Note 12. Risk Management**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of property; errors and omissions; injuries to third parties; automobile damage; and commercial crime. As a risk transfer technique, the College contracted with various insurance underwriters in the current fiscal year for specific types of insurance.

Insurance policies in place during fiscal year 2024 include the following:

<b>Description of Coverage</b>	<b>Insurance Carrier</b>	<b>Liability</b>
"All Risk" property	The Travelers Indemnity Company	\$ 1,000,000,000
General liability	Munich Re (Wright Speciality)	1,000,000
Limited professional liability	Munich Re (Wright Speciality)	1,000,000
Automobile	Munich Re (Wright Speciality)	1,000,000
Educators legal liability	Munich Re (Wright Speciality)	1,000,000
Crime	Munich Re (Wright Speciality)	1,000,000
1st excess liability	United Educators	15,000,000
		excess 1,000,000
1st excess educators legal liability	United Educators	15,000,000
		excess 1,000,000
Cyber liability breach response	Lloyd's via CFC	3,000,000

## **Note 13. Contingencies**

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

The College is presently involved as a defendant or codefendant in various matters of litigation. The College's administration believes that the ultimate disposition of any of these matters would not have a material adverse effect upon the financial condition of the College.

#### **Note 14. Cost Share Agreement**

The College entered into a cost sharing agreement as of July 1, 1971, with The Ohio State University-Lima Campus (the "University"). Under the agreement, the College reimburses the University for costs incurred in the following areas: academic instruction, library, student services, student activities, institutional support, plant operation, and community educational services. The College and the University incur ongoing expenses that approximate each institution's share of the total expense. At the end of each quarter, both institutions complete summaries of their actual incurred expenses and a payment is made to the University or College based on estimated costs using formulas as prescribed in the cost sharing agreement.

The total cost of shared services, net of shared income, was \$3,593,000 for the fiscal year ended June 30, 2024. The majority of the expenditures were incurred for plant operations. Based upon the various formulas, the College's share was 57% of the total expenses, net of total shared income, for the fiscal year ending June 30, 2024.

***Required Supplementary Information***

**James A. Rhodes State College**  
**Pension Plan Data**  
**Last 10 Fiscal Years**

	<b>STRS Ohio</b>	<b>OPERS Traditional</b>
<b>For the Year Ended June 30, 2024</b>		
College's proportion of the net pension liability	0.041688%	0.025067%
College's proportionate share of the net pension liability	\$ 8,977,566	\$ 6,482,767
College's covered payroll	5,767,031	4,433,541
College's proportionate share of the net pension liability as a percentage of its covered payroll	155.67%	146.22%
Plan fiduciary net position as a percentage of the total pension liability	78.89%	75.74%
<b>For the Year Ended June 30, 2023</b>		
College's proportion of the net pension liability	0.041956%	0.024815%
College's proportionate share of the net pension liability	\$ 9,326,914	\$ 7,269,915
College's covered payroll	5,767,729	4,302,985
College's proportionate share of the net pension liability as a percentage of its covered payroll	161.71%	168.95%
Plan fiduciary net position as a percentage of the total pension liability	78.89%	75.74%
<b>For the Year Ended June 30, 2022</b>		
College's proportion of the net pension liability	0.042132%	0.022643%
College's proportionate share of the net pension liability	\$ 5,386,943	\$ 1,970,033
College's covered payroll	5,659,729	3,988,191
College's proportionate share of the net pension liability as a percentage of its covered payroll	95.18%	49.40%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	92.62%
<b>For the Year Ended June 30, 2021</b>		
College's proportion of the net pension liability	0.046891%	0.021658%
College's proportionate share of the net pension liability	\$ 11,345,966	\$ 3,207,078
College's covered payroll	5,388,943	3,094,522
College's proportionate share of the net pension liability as a percentage of its covered payroll	210.54%	103.64%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	86.88%
<b>For the Year Ended June 30, 2020</b>		
College's proportion of the net pension liability	0.048868%	0.019924%
College's proportionate share of the net pension liability	\$ 10,806,869	\$ 3,938,114
College's covered payroll	5,753,157	3,301,562
College's proportionate share of the net pension liability as a percentage of its covered payroll	187.84%	119.28%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	82.17%

**James A. Rhodes State College**  
**Pension Plan Data**  
**Last 10 Fiscal Years**

**(Continued)**

	<b>STRS Ohio</b>	<b>OPERS Traditional</b>
<b>For the Year Ended June 30, 2019</b>		
College's proportion of the net pension liability	0.051717%	0.020560%
College's proportionate share of the net pension liability	\$ 11,371,326	\$ 5,630,967
College's covered payroll	5,700,271	2,818,753
College's proportionate share of the net pension liability as a percentage of its covered payroll	199.49%	199.77%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	74.70%
<b>For the Year Ended June 30, 2018</b>		
College's proportion of the net pension liability	0.055092%	0.022760%
College's proportionate share of the net pension liability	\$ 13,087,206	\$ 3,570,603
College's covered payroll	5,672,957	3,086,143
College's proportionate share of the net pension liability as a percentage of its covered payroll	230.69%	115.70%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	84.66%
<b>For the Year Ended June 30, 2017</b>		
College's proportion of the net pension liability	0.065465%	0.027754%
College's proportionate share of the net pension liability	\$ 21,913,105	\$ 6,302,461
College's covered payroll	5,864,029	4,951,030
College's proportionate share of the net pension liability as a percentage of its covered payroll	373.69%	127.30%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	77.25%
<b>For the Year Ended June 30, 2016</b>		
College's proportion of the net pension liability	0.072091%	0.029048%
College's proportionate share of the net pension liability	\$ 19,923,935	\$ 5,031,404
College's covered payroll	7,521,521	5,541,120
College's proportionate share of the net pension liability as a percentage of its covered payroll	264.89%	90.80%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	81.08%
<b>For the Year Ended June 30, 2015</b>		
College's proportion of the net pension liability	0.074837%	0.030359%
College's proportionate share of the net pension liability	\$ 18,203,050	\$ 3,661,635
College's covered payroll	7,487,107	5,650,980
College's proportionate share of the net pension liability as a percentage of its covered payroll	243.13%	64.80%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	86.45%



James A. Rhodes State College  
Pension Plan Data  
Last 10 Fiscal Years

(Continued)

STRS Ohio					
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,048,195	\$ 1,048,195	\$ -	\$ 7,487,107	14.0%
2016	1,053,013	1,053,013	-	7,521,521	14.0%
2017	820,964	820,964	-	5,864,029	14.0%
2018	794,214	794,214	-	5,672,957	14.0%
2019	798,038	798,038	-	5,700,271	14.0%
2020	805,442	805,442	-	5,753,157	14.0%
2021	754,452	754,452	-	5,388,943	14.0%
2022	792,362	792,362	-	5,659,729	14.0%
2023	807,482	807,482	-	5,767,729	14.0%
2024	836,892	836,892	-	5,767,031	14.5%

OPERS Traditional					
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 565,098	\$ 565,098	\$ -	\$ 5,650,980	10.0%
2016	554,112	554,112	-	5,541,120	10.0%
2017	495,103	495,103	-	4,951,030	10.0%
2018	431,782	431,782	-	3,086,143	14.0%
2019	394,625	394,625	-	2,818,753	14.0%
2020	462,218	462,218	-	3,301,562	14.0%
2021	433,233	433,233	-	3,094,522	14.0%
2022	558,346	558,346	-	3,988,191	14.0%
2023	602,418	602,418	-	4,302,985	14.0%
2024	620,695	620,695	-	4,433,541	14.0%

**James A. Rhodes State College**  
**OPEB Plan Data**  
**Last 10 Fiscal Years\***

**(Continued)**

	<b>STRS Ohio</b>	<b>OPERS</b>
<b>For the Year Ended June 30, 2024</b>		
College's proportion of the net OPEB (asset) liability	0.041688%	0.024552%
College's proportionate share of the net OPEB (asset) liability	\$ (811,000)	\$ (221,588)
College's covered payroll	5,767,031	4,433,541
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-14.06%	-5.00%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	168.50%	107.76%
<b>For the Year Ended June 30, 2023</b>		
College's proportion of the net OPEB (asset) liability	0.041956%	0.024282%
College's proportionate share of the net OPEB (asset) liability	\$ (1,086,385)	\$ 153,103
College's covered payroll	5,767,729	4,302,985
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-18.84%	3.56%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	230.70%	94.80%
<b>For the Year Ended June 30, 2022</b>		
College's proportion of the net OPEB (asset) liability	0.042132%	0.022452%
College's proportionate share of the net OPEB (asset) liability	\$ (888,317)	\$ (703,231)
College's covered payroll	5,659,729	1,956,393
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.70%	-35.95%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	174.73%	128.23%
<b>For the Year Ended June 30, 2021</b>		
College's proportion of the net OPEB (asset) liability	0.046891%	0.021825%
College's proportionate share of the net OPEB (asset) liability	\$ (824,110)	\$ (388,830)
College's covered payroll	5,388,943	1,778,543
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-15.29%	-21.86%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	182.13%	115.57%
<b>For the Year Ended June 30, 2020</b>		
College's proportion of the net OPEB (asset) liability	0.048868%	0.019873%
College's proportionate share of the net OPEB (asset) liability	\$ (809,372)	\$ 2,744,978
College's covered payroll	5,753,157	1,783,357
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-14.07%	153.92%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	174.74%	47.80%
<b>For the Year Ended June 30, 2019</b>		
College's proportion of the net OPEB (asset) liability	0.051717%	0.020309%
College's proportionate share of the net OPEB (asset) liability	\$ (831,033)	\$ 2,647,814
College's covered payroll	5,700,271	1,654,267
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-14.58%	160.06%
Plan fiduciary net position as a percentage of the total OPEB (assets) liability	176.00%	46.33%
<b>For the Year Ended June 30, 2018</b>		
College's proportion of the net OPEB liability	0.055092%	0.022020%
College's proportionate share of the net OPEB liability	\$ 2,149,484	\$ 2,391,210
College's covered payroll	5,672,957	2,734,919
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.89%	87.43%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	54.14%
<b>For the Year Ended June 30, 2017</b>		
College's proportion of the net OPEB liability	0.065465%	0.027520%
College's proportionate share of the net OPEB liability	\$ 3,501,085	\$ 2,779,613
College's covered payroll	5,864,029	5,009,363
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	59.70%	55.49%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	54.14%

\* The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

James A. Rhodes State College  
OPEB Plan Data  
Last 10 Fiscal Years\*

(Continued)

STRS Ohio					
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ -	\$ -	\$ -	\$ 5,864,029	0.0%
2018	-	-	-	5,672,957	0.0%
2019	-	-	-	5,700,271	0.0%
2020	-	-	-	5,753,157	0.0%
2021	-	-	-	5,388,943	0.0%
2022	-	-	-	5,659,729	0.0%
2023	-	-	-	5,767,729	0.0%
2024	-	-	-	5,767,031	0.0%

OPERS Traditional					
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ -	\$ -	\$ -	\$ 5,009,363	0.0%
2018	-	-	-	2,734,919	0.0%
2019	-	-	-	1,654,267	0.0%
2020	-	-	-	1,783,357	0.0%
2021	-	-	-	1,778,543	0.0%
2022	-	-	-	1,956,393	0.0%
2023	-	-	-	4,302,985	0.0%
2024	-	-	-	4,433,541	0.0%

\* The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

**Note 1 – Net Pension Liability**

**State Teachers Retirement System (STRS)**

- 2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.
- 2018: STRS decreased the Cost of Living adjustment (COLA) to zero.
- 2018: The following changes of assumptions affected the total pension liability since the prior measurement date:
  - The long term expected rate of return was reduced from 7.75% to 7.45%
  - Inflation assumption was lowered from 2.75% to 2.50%
  - Payroll growth assumption was lowered to 3.00%
  - Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of .25% due to lower inflation.
  - The healthy 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.

**Ohio Public Employees Retirement System (OPERS)**

- 2023: Decreased the COLA for post January 7, 2023 retirees from 3.00 percent simple through 2023 to 2.30 percent
- 2022: The following changes of assumptions affected the total pension liability since the prior measurement date:
  - Reduced the investment rate of return assumption from 7.2% to 6.90%
  - Reduced the wage inflation from 3.25% to 2.75
  - Changing the future salary increases from a range of 3.25%-10.05% to 2.75%-10.75%
- 2019: The investment rate of return decreased from 7.5% to 7.2%
- 2017: The following changes of assumptions affected the total pension liability since the prior measurement date:
  - Reduction in the actuarially assumed rate of return from 8.00% down to 7.50%,
  - For defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and
  - Changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%

**Note 2 – Net OPEB (Asset) / Liability**

**State Teachers Retirement System (STRS)**

- 2023: Assumption changes included changes in healthcare costs and trends
- 2022: Discount rate was adjusted to 7.00% from 7.45%.
- 2021: Assumption changes included changes in healthcare costs and trends
- 2020: Assumption changes included changes in healthcare costs and trends
- 2019: 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, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

**James A. Rhodes State College**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2024**

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- 2018: 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). Valuation year per capita health care costs were updated. Discount rate was adjusted from 7.75% to 7.45%.

**Ohio Public Employees Retirement System (OPERS)**

- 2023: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
  - Single discount rate changed from 5.22% to 5.70%
  - Municipal bond rate decreased from 4.05% to 3.77%
- 2022: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
  - Wage inflation changed from 3.25% to 2.75%
  - Project salary changed from 3.25%-10.75% to 2.75%-10.75%
  - Municipal bond rate decreased from 2% to 1.84%
  - Initial health care cost trend rate decreased from 8.5% to 5.5%
- 2021: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
  - Single discount rate increased from 3.16% to 6.00%
  - Municipal bond rate decreased from 2.75% to 2.00%
  - Initial health care cost trend rate decreased from 10.5% to 8.5%
- 2020: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
  - Single discount rate increased from 3.96% to 3.16%
  - Municipal bond rate decreased from 3.71% to 2.75%
  - Initial health care cost trend rate decreased from 10.0% to 10.5%
- 2019: The following changes of assumptions affected the total OPEB liability since the prior measurement date:
  - Single discount rate increased from 3.85% to 3.96%
  - Investment rate of return decreased from 6.5% to 6%
  - Municipal bond rate increased from 3.31% to 3.71%
  - Initial health care cost trend rate decreased from 7.5% to 10%
- 2018: The single discount rate changed from 4.23% to 3.85%

## ***Uniform Guidance Audit Requirements***

**James A. Rhodes State College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

<b>Federal Grantor/Pass Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 32,077
Federal Work-Study Program	84.033		55,098
Federal Pell Grant Program	84.063		2,238,245
Federal Direct Student Loans	84.268		2,023,660
Total Student Financial Assistance Cluster			4,349,080
Other Department of Education Direct Programs			
COVID-19 Higher Education Emergency Relief Fund - Institutional Resilience and Expanded Postsecondary Opportunity	84.425P		233,300
Title III Part A	84.031		73,443
Total Other U.S. Department of Education Direct Programs			306,743
Passed through the Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048	CDP-P	164,572
Total U.S. Department of Education			4,820,395
<b>U.S. Department of Defense</b>			
Procurement Technical Assistance for Business Firms	12.002		61,749
Total U.S. Department of Defense			61,749
<b>U.S. Department of Agriculture</b>			
National Institute of Food and Agriculture - Emerging Agriculture Grants	10.310		28,499
National Institute of Food and Agriculture - Agricultural Workforce Training at Community Colleges	10.310		183,134
Total U.S. Department of Agriculture			211,633
<b>National Science Foundation</b>			
Grow with Thodes: Expanding Awareness of Agriculture Technology Careers	47.076		138,449
Total National Science Foundation			138,449
<b>U.S. Department of Labor</b>			
Passed through Lorain County Community College			
Trade Adjustment Assistance Community College and Career Training Grant	17.282		165,010
Total U.S. Department of Labor			165,010
<b>Small Business Administration</b>			
Passed through Ohio Department of Development			
Small Business Development Centers	59.037	DEVFR036	164,759
Total Small Business Administration			164,759
Total Expenditures of Federal Awards			\$ 5,561,995

See accompanying notes to the schedule of expenditures of federal awards

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of James A. Rhodes State College (the College) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

The College has elected not to exercise its option to use the 10-percent de minimis indirect cost rate.

**Note 4. Loans**

The College does not have any loans outstanding associated with the federal loan program at June 30, 2024.



## **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***

### **Independent Auditor's Report**

Board of Trustees  
James A. Rhodes State College  
Lima, 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 business-type activities and discretely presented component unit of James A. Rhodes State College (College), as of and for the year ended June 30, 2024, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 30, 2025.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

### ***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*.

### ***The College's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

### ***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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Forvis Mazars, LLP**

Fort Wayne, Indiana  
June 30, 2025

## **Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

Board of Trustees  
James A. Rhodes State College  
Lima, Ohio

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited James A. Rhodes State College's (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 the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the summary of auditor's 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 its major federal program for the year ended June 30, 2024.

#### ***Basis for Opinion on the 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 "Auditor's 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 the 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.

#### ***Auditor's 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 the 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 "Auditor's 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.

**Forvis Mazars, LLP**

Fort Wayne, Indiana  
June 30, 2025

**James A. Rhodes State College**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

<u>Unmodified</u>			
<u>X</u>	Yes	<u>      </u>	No
<u>      </u>	Yes	<u>X</u>	None reported

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

<u>      </u>	Yes	<u>X</u>	No
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*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<u>      </u>	Yes	<u>X</u>	No
<u>      </u>	Yes	<u>X</u>	None reported

Type of auditor's report issued on compliance for major federal programs:

<u>Unmodified</u>			
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<u>      </u>	Yes	<u>X</u>	No
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Identification of major federal programs:

Federal Assistance Listing Number(s)  
84.007, 84.033, 84.063, 84.268

Name of Federal Program or Cluster  
Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

<u>      </u>	Yes	<u>X</u>	No
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James A. Rhodes State College  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

(Continued)

**Section II – Financial Statement Findings**

Reference Number	Finding
2024-001	<p><b>Criteria</b> – The College is required to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) without material adjustments.</p> <p><b>Condition</b> – During the current year, certain audit adjustments were proposed and recorded in order to present the financial statements in accordance with GAAP.</p> <p><b>Cause</b> – Due to limited staffing from turnover, proper review of year-end amounts did not take place.</p> <p><b>Effect or potential effect</b> – Year-end financial statements had certain misstatements, which required audit adjustments to be recorded in the audited financial statements.</p> <p><b>Recommendation</b> – We recommend that the College continue to be diligent in ensuring a proper review and secondary review is performed on all year-end financial statement schedules so that the financial statements are presented in accordance with GAAP.</p> <p><b>Views of responsible officials and planned corrective actions</b> - There has been an impact of limited staffing which caused delays in the closing process. The business office is committed to creating a year-end close schedule that will help to ensure that proper reviews are performed on all year-end financial statement schedules.</p>

**Section III – Federal Award Findings and Questioned Costs**

Reference Number	Finding
	No matters are reportable.

James A. Rhodes State College  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2024

Reference Number	Summary of Finding	Status
2023-1	<p><b>Criteria</b> – The College is required to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) without material adjustments.</p> <p><b>Condition</b> – During the current year, certain audit adjustments were proposed and recorded in order to present the financial statements in accordance with GAAP.</p> <p><b>Cause</b> – Due to limited staffing from turnover, proper review of year-end amounts did not take place.</p> <p><b>Effect or potential effect</b> – Year-end financial statements had certain misstatements, which required audit adjustments to be recorded in the audited financial statements.</p> <p><b>Reason for finding’s recurrence</b> – Throughout 2024, the College continued to have limited staffing and had not implemented controls yet to review financial statement schedules.</p>	Not resolved, see 2024-001

## **Findings Required to Be Reported by *Government Auditing Standards***

**Finding:** 2024-001

**Recommendation:** We recommend the College continue to be diligent in ensuring a proper review and secondary review is performed on all year-end financial statement schedules so that the financial statement are presented in accordance with GAAP.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Corrective Action Planned:** There has been an impact of limited staffing which caused delays in the closing process. The business office is committed to creating a year-end close schedule that will help to ensure that proper reviews are performed on all year-end financial statement schedules.

**Name of Contact Responsible for Corrective Action:** S. Derek Adkins, CPA, Vice President of Finance and Administrative Services

**Anticipated Completion Date:** June 30, 2025



# OHIO AUDITOR OF STATE KEITH FABER



**JAMES A. RHODES STATE COLLEGE**

**ALLEN 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 8/12/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)