CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

OWENS STATE COMMUNITY COLLEGE
WOOD COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Owens State Community College
PO Box 10000
Toledo, Ohio 43699

We have reviewed the *Independent Auditors' Report* of the Owens State Community College, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2023

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Owens State Community College

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Owens State Community College
Perrysburg, 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 Owens State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 9, 2023

Owens State Community College

Management's Discussion and Analysis - Unaudited

The following management's discussion and analysis (MD&A) provides an overview of the financial position and activities of Owens State Community College for the year ended June 30, 2023 with comparative information for the year ended June 30, 2022. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.

ABOUT OWENS STATE COMMUNITY COLLEGE

Founded in 1965, Owens Community College (the "College") continues to offer an affordable, quality education to those who are seeking an associate degree, continuing education courses, and professional development. The College allows you to complete the first two years of a bachelor's degree and then transfer to any four-year University or College. To enhance this process, the College has cultivated transfer agreements with over 20 area four-year colleges and universities.

The Toledo-area campus covers more than 280 acres and is located near downtown Toledo. The 60-acre Findlay-area campus is at 3200 Bright Road on Findlay's northeast side. Between our two campus locations, over 11,500 credit and non-credit students are served annually. The College is a comprehensive community college accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

The College is currently governed by a nine voting member board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The trustees are appointed by the governor with the advice and consent of the State Senate for staggered six-year terms.

The following financial statements reflect all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College and its discretely presented legally separate entity, Owens Community College Foundation (the "Foundation"). The Foundation's primary function is fundraising to supplement the resources that are available to the College in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the College. Nearly all the assets of the Foundation are restricted by donors to activities of the College. The College does not control the timing or amount of receipts from the Foundation.

ABOUT THE FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* In addition to this MD&A section, the audited financial statements include a statement of net position; statement of revenue, expenses, and changes in net position; statement of cash flows; and the notes to the financial statements. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* which amends GASB Statement No. 14, the Foundation is discretely presented as a component unit of the College. The Foundation is excluded from Management's Discussion and Analysis. Complete financial statements for the Foundation can be obtained from Owens State Community College, 30335 Oregon Road, Perrysburg, OH 43551.

Using This Annual Report

The College's annual report consists of three basic financial statements: the statement of net position, the statement of revenue, expenses, and change in net position, and the statement of cash flows. These financial statements are prepared in accordance with GASB principles.

The financial statements report the College's net position and changes in net position. Increases or decreases in the College's net position are indicative of the College's financial health. Changes of a nonfinancial nature are relevant as well, such as enrollment trends, program growth or decline, the functionality of facilities, and required maintenance.

The College's financial statements are prepared using the accrual basis of accounting.

Another important factor to consider when evaluating the financial viability of the College is its ability to meet financial obligations as they mature. The statement of cash flows presents the information related to cash inflows and outflows. This is broken down into four components: operating, investing, capital, and noncapital financing activities. The statement shows the College's sources and uses of cash.

FINANCIAL HIGHLIGHTS

The net position by category for fiscal years 2023 and 2022 are shown below. Net position in aggregate increased $4,404,717 from fiscal year 2022 to fiscal year 2023. In fiscal year ended June 30, 2023, the College's expenses decreased significantly due to the exhaustion of student scholarships paid from Higher Education Emergency Relief Funds (HEERF), received directly from the U.S. Department of Education, during fiscal year 2022.

	Net Investment In Capital Assets	Unrestricted	Total Net Position
FY 2023	$ 85,363,844	$ (8,009,706)	$ 77,354,138
FY 2022	84,796,915	(11,847,494)	72,949,421

A summarization of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and 2022 follows:

	June 30	
	2023	2022
Assets		
Current assets	$ 43,977,369	$ 44,422,272
Capital assets	85,363,844	84,796,915
Other noncurrent assets	22,875,041	18,392,842
Total assets	152,216,254	147,612,029
Deferred Outflows of Resources	11,378,926	12,293,287
Liabilities		
Current liabilities	15,321,308	11,562,873
Noncurrent liabilities	53,193,735	40,105,667
Total liabilities	68,515,043	51,668,540
Deferred Inflows of Resources	17,725,999	35,287,355
Net Position		
Investment in capital assets	85,363,844	84,796,915
Unrestricted	(8,009,706)	(11,847,494)
Total net position	**$ 77,354,138**	**$ 72,949,421**

Variances

Current assets decreased by $444,903 from 2022 to 2023 primarily due to decreases in current investments and accounts receivables, offset by an increase in cash and cash equivalents. Capital assets increased by $566,929 due to capital asset purchases exceeding capital asset depreciation and disposals. Noncurrent assets increased $4,482,199 due to an increase in noncurrent investments. Current liabilities increased by $3,758,435 from 2022 to 2023 primarily due to increases in accounts payable and unearned revenue. The noncurrent liabilities increased by $13,088,068 due to an increase in the net pension liability. Net position increased from 2022 to 2023 primarily due to an increase in cash and cash equivalents as a result of decreased payments to suppliers, students and others, as well as decreases in the deferred inflows of resources related to pensions of $18,059,567.

The following is a summary of the College's revenue, expenses, and changes in net position for the years ended June 30, 2023 and 2022.

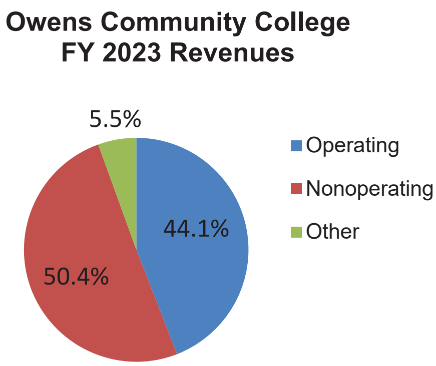
	Year Ended June 30 2023	Year Ended June 30 2022
Operating Revenues		
Student tuition and fees	$ 26,077,304	$ 26,746,814
Grants - Federal, state, and local	2,893,172	2,969,895
Sales and service	383,393	384,400
Auxiliary activities	826,971	779,663
Other operating revenue	311,144	602,223
Total operating revenues	30,491,984	31,482,995
Operating Expenses		
Educational and general	58,303,148	64,017,534
Depreciation	5,803,609	5,669,717
Auxiliary enterprises	579,101	613,463
Total operating expenses	64,685,858	70,300,714
Operating Loss	(34,193,874)	(38,817,719)
Nonoperating Revenues (Expenses)		
State appropriations	25,666,104	25,762,953
Grants - Federal, state, and local	-	17,723,219
Pell grants	7,586,363	7,873,016
Investment income	1,557,985	(390,023)
Nonoperating project expense	-	(492,500)
Total nonoperating revenues (expenses)	34,810,452	50,476,665
Income Before Other Revenues		
Before capital appropriations and grants	616,578	11,658,946
Capital Appropriations and Grants	3,788,139	5,624,973
Increase in Net Position	4,404,717	17,283,919
Net Position - Beginning of year	72,949,421	55,665,502
Net Position - End of year	**$ 77,354,138**	**$ 72,949,421**

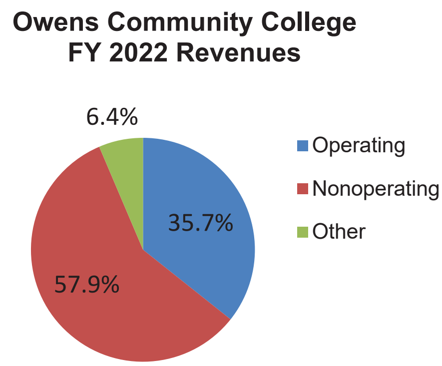
Statement of Revenue, Expenses, and Changes in Net Position

The College's two major sources of revenue are operating (tuition and fees) and nonoperating (the state share of instruction). Both types of revenue are tied to enrollment, with tuition and fees being generated via an assessment mechanism. This mechanism focuses on individual credit hours of enrollment. The state share of instruction is distributed through a funding formula which is 100 percent performance based. The funding model includes three major components: course completion, success points and attainment or credential completion. Course completion is 50 percent of the formula based on students receiving a "D" or better for their course work. Success points are 25 percent of the formula and are based on when the student reaches 12, 24 and 36 completed credit hours. The remaining 25 percent of the formula is for attainment or credential completion which includes degree attainment, certificate attainment and a component for student transfer to an Ohio public or private institution.

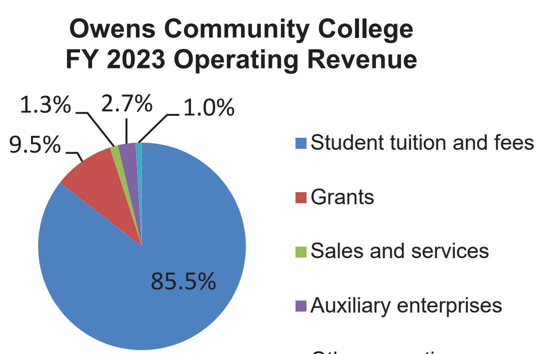
Operating Revenue

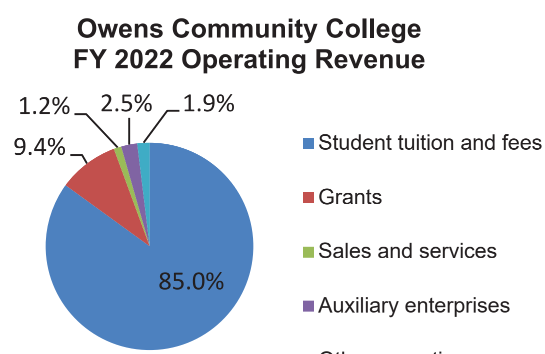
The charts below present total revenue by category for the fiscal years ended June 30, 2023 and 2022:





The charts below reflect the College's operating revenue for the fiscal years ended June 30, 2023 and 2022:





On June 1, 2021, the Board approved an increase of in-state instructional tuition to the allowable amount, as provided by the State of Ohio Budget, effective for Fall Semester 2021, fiscal year 2022. The State allowed a $5.00 increase per credit hour. On February 15, 2022, the Board approved an increase of in-state instructional tuition to the allowable amount, as provided by the State of Ohio Budget, effective for Summer Semester 2022, fiscal year 2023. The State allowed a $5.00 increase per credit hour.

Gross student tuition and fees revenue decreased in fiscal years 2023 and 2022. Gross tuition and fees were $33,996,226 and $35,016,536 in fiscal years 2023 and 2022, respectively.

Scholarship allowances decreased and scholarship dollars per FTE have also decreased. For 2023, scholarship allowances totaled $7,918,922 and scholarship dollars per FTE were $1,944. For 2022, scholarship allowances totaled $8,269,722 and scholarship dollars per FTE were $1,949.

Grant revenue decreased in fiscal year 2023 by $76,723. The decrease in grant revenue for fiscal year 2023 was due to the full utilization of existing grants and the timing of new grants beginning.

Nonoperating Revenue

The College's largest single source of revenue is the nonoperating revenue received from the State of Ohio. The College's State share of instruction amounted to $25,666,104 and $25,762,953, in fiscal years 2023 and 2022, respectively. The State share of instruction was $6,300 and $6,073 per FTE for fiscal years 2023 and 2022, respectively. Another component of nonoperating revenue is investment income. In 2023, investment income increased by $1,948,008 in comparison to 2022. Investment income increased due to a stronger market performance within the College's investment portfolio for fiscal year 2023 when compared to fiscal year 2022.

Nonoperating grant revenue (including Pell) decreased in fiscal year 2023 by $18,009,872 compared to fiscal year 2022. This included a decline in Pell grants that is reflective of the decrease in enrollment and changes in financial aid regulations as well as the exhaustion of federal funding received from the HEERF to assist colleges and universities during the COVID-19 Global Pandemic, including funding awarded directly to students, during fiscal year 2022.

Operating Expense Changes

The College's operating expenses reflect changes related to student enrollment, college initiatives, and instructional program changes. Due to declining enrollment during the past five fiscal years, the College has adjusted positions, class size and expenditures based on an in-depth analysis. In fiscal year 2023, the College had a significant decrease in scholarships and other student aid over fiscal year 2022 of $8,399,681, primarily related to HEERF grants awarded directly to students. This decrease in expense was offset by the College reporting pension expense of $1,845,136 and negative OPEB expense of $1,632,299, respectively, in operating expenses during the year, compared to negative pension expense of $3,759,220 and negative OPEB expense of $924,499, respectively, in operating expenses during the prior year. This is a result of the College recognizing its proportionate share of each plan's annual pension expense and annual OPEB expense related to its net pension and OPEB amounts and related deferred outflows/inflows of resources.

The depreciation expense for fiscal years 2023 and 2022 was $5,803,609 and $5,669,717, respectively.

Capital Assets

At June 30, 2023 and 2022, the College had $85,363,844 and $84,796,915, respectively, invested in capital assets, net of accumulated depreciation.

The details of the capital assets at June 30, 2023 and 2022 are shown below:

	2023	2022
Land and land improvements	$ 35,832,426	$ 37,593,967
Buildings	137,917,083	135,621,692
Equipment	29,777,463	31,828,773
Leasehold improvements	-	488,773
Less accumulated depreciation	(122,037,955)	(122,336,025)
Net of depreciation	81,489,017	83,197,180
Construction in progress	3,874,827	1,599,735
Total	$ 85,363,844	$ 84,796,915

Capital Projects

In fiscal year 2023, the College completed phases three and four of construction of College Hall, the Deferred Maintenance Electrical Project, the broadcast studio renovation, and the Transportation Technologies exterior painting project. The projects started in fiscal year 2023 but not completed are the Transportation Technologies exterior renovation project, College Hall roof renovation, HVAC renovation, SNHP building renovation, the campus safety project, and the ERP system implementation.

In fiscal year 2022, the College completed the Math Renovation in Transportation Technologies, the Fiber Loop project, the College Hall HVAC renovation, the CFPA door access project, fire suppression for Administration Hall, Transportation Technologies and Alumni Hall, and the Findlay HVAC renovation project. The projects started in fiscal year 2022 but not completed are phases three and four of construction of College Hall and the Deferred Maintenance Electrical Project.

Cash Flows

The statements of cash flows for the years ended June 30, 2023 and 2022 are as follows:

	Year Ended June 30	
	2023	2022
Cash Flows from Operating Activities		
Student tuition and fees	$ 22,399,300	$ 30,264,992
Grants - Federal, state, and local	3,018,094	2,894,030
Payments to employees, suppliers, students, and others	(59,865,391)	(77,664,376)
Auxiliary enterprises	826,971	779,663
Sales and services	383,393	384,400
Other receipts	381,185	454,899
Net cash used in operating activities	(32,856,448)	(42,886,392)
Cash Flows from Noncapital Financing Activities		
Grants - Federal, state, and local	5,840,485	15,837,525
Pell grants	7,586,363	7,873,016
State appropriations	25,666,104	25,762,953
Payments for community project expenses	-	(492,500)
Agency transactions	18,544	(13,389)
Net cash provided by noncapital financing activities	39,111,496	48,967,605
Cash Flows from Capital and Related Financing Activities		
Capital appropriations and grants	3,818,236	5,574,499
Purchases of capital assets	(6,463,811)	(9,046,896)
Proceeds from sale of capital assets	7,600	-
Net cash used in capital and related financing activities	(2,637,975)	(3,472,397)
Cash Flows from Investing Activities		
Interest on investments	1,475,989	647,079
Net change in investments	4,719,396	(7,252,494)
Net cash provided by (used in) investing activities	6,195,385	(6,605,415)
Net Increase (Decrease) in Cash	9,812,458	(3,996,599)
Cash - Beginning of year	2,968,698	6,965,297
Cash - End of year	**$ 12,781,156**	**$ 2,968,698**

Cash used in operating activities for fiscal year 2023 decreased over 2022 due primarily to a decrease in operating expenses related to scholarships and other student aid incurred by the College. Primary inflows of operating cash are from tuition and fees, grant revenue, and auxiliary enterprises. Primary outflows of operating cash are payments to employees, suppliers, and students. Cash flows from noncapital financing activities decreased due to the decrease in grants revenue. Cash used in capital and related financing activities decreased due to a decrease in purchases of capital assets. Cash used in investing activities increased during the fiscal year primarily due to an increase in net change in investments from the sale of additional investments during fiscal year 2023 than during fiscal year 2022.

Initiatives

The Board of Trustees amended the mission, vision and adopted new strategic objectives on May 2, 2023. The new five-year Strategic Plan empowers the academic, student and business divisions to work collaboratively toward aspirational goals focused on a specific culture of belonging supporting students and employees; expanding partnerships that invest in the College contributing to student instruction and meeting workforce training needs; developing a proactive, agile framework meeting students where they are; deepening employee engagement and commitment to the mission; ensuring the organization is sustainable in supporting academic quality, changing technology; and, positioning the presence of the College through sharing stories of how we serve students and our region. The 2023-2028 Strategic Plan will be implemented with employees on teams and existing committees, timelines and metrics will be set, resources will be identified, and it will be regularly assessed for projects and action items as they are completed and consequential projects and actions rolled out.

The College continues to engage with advisory boards, regional partners, and business and industry to address the educational and workforce needs of the community. By offering and developing relevant academic programs, non-credit training, and overall student support, we will continue to produce a skilled workforce that is best prepared to better contribute to our regional workforce and economy.

Owens is focused on upgrading facilities for student support and services as well as consolidating schools into adjacent spaces. The College completed the phase IV renovation of College Hall, which included new spaces for Campus and Community Connections, Student Activities, Student Government, TRIO, and Fast Track. On the east side of campus, across Oregon Road, the College finished the planning for the vacated Library and AVCC building to create a new space for the School of Nursing and Health Professions, which will include labs, classrooms, offices, and student spaces to support every program. Construction commenced in September 2023 and phase 1 of the building should be complete and ready for occupancy in August 2024. The remainder of the building will be ready for occupancy in December 2024.

Owens State Community College

Statement of Net Position
June 30, 2023

Current Assets	
Cash and cash equivalents (Note 2)	$ 12,781,156
Investments (Note 3)	21,482,418
Accounts receivable - Net (Note 5)	8,353,596
Receivable from Foundation (Note 10)	17,148
Prepaid expenses and deferred charges	1,343,051
Total current assets	43,977,369
Noncurrent Assets	
Investments (Note 3)	19,533,000
Capital assets - not being depreciated (Note 6)	13,782,555
Capital assets - net of depreciation (Note 6)	71,581,289
Net OPEB asset (Note 9)	3,342,041
Total noncurrent assets	108,238,885
Total assets	152,216,254
Deferred Outflows of Resources	
Pensions (Note 8)	10,059,574
OPEB (Note 9)	1,319,352
Total deferred outflows of resources	11,378,926
Current Liabilities	
Accounts payable	6,255,546
Salaries, wages, and fringe benefits payable	4,966,547
Unearned revenue	3,710,760
Deposits held for others	388,455
Total current liabilities	15,321,308
Noncurrent Liabilities	
Benefits payable	1,555,795
Net pension liability (Note 8)	47,108,642
Net OPEB liability (Note 9)	4,529,298
Total noncurrent liabilities	53,193,735
Total liabilities	68,515,043
Deferred Inflows of Resources	
Pensions (Note 8)	8,196,425
OPEB (Note 9)	9,529,574
Total deferred inflows of resources	17,725,999
Net Position	
Investment in capital assets	85,363,844
Unrestricted	(8,009,706)
Total net position	**$ 77,354,138**

See notes to Financial Statements.

Owens State Community College

Statement of Revenues, Expenses and Change in Net Position
Year Ended June 30, 2023

Revenues	
Operating revenues:	
Student tuition and fees - Net of scholarship allowances of $7,918,922	$ 26,077,304
Grants - Federal, state, and local	2,893,172
Sales and services	383,393
Auxiliary enterprises	826,971
Other operating revenues	311,144
Total operating revenues	30,491,984
Expenses	
Operating expense:	
Salaries, wages and benefits	40,465,216
Supplies	3,463,475
Travel, entertainment and professional development	445,393
Information and communication	1,388,904
Occupancy	4,050,786
Outside services	7,521,751
Scholarships and other student aid	1,215,530
Depreciation	5,803,609
Other	331,194
Total operating expenses	64,685,858
Operating Loss	(34,193,874)
Nonoperating Revenues	
State appropriations	25,666,104
Investment income	1,557,985
Pell grants	7,586,363
Net nonoperating revenues	34,810,452
Income Before Other Revenues	616,578
Other Revenues	
Capital appropriations	3,475,052
Capital grants	313,087
Total other revenues	3,788,139
Increase in Net Position	4,404,717
Net Position	
Beginning of year	72,949,421
End of year	**$ 77,354,138**

See notes to Financial Statements.

Owens State Community College

Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows from Operating Activities	
Student tuition and fees	$ 22,399,300
Grants - Federal, state, and local	3,018,094
Payments to employees, suppliers, students, and others	(59,865,391)
Auxiliary enterprises	826,971
Sales and services	383,393
Other receipts	381,185
Net cash used in operating activities	(32,856,448)
Cash Flows from Noncapital Financing Activities	
Grants - Federal, state, and local	5,840,485
Pell grants	7,586,363
State appropriations	25,666,104
Agency transactions	18,544
Net cash provided by noncapital financing activities	39,111,496
Cash Flows from Capital and Related Financing Activities	
Capital appropriations and grants	3,818,236
Purchases of capital assets	(6,463,811)
Proceeds from sale of capital assets	7,600
Net cash used in capital and related financing activities	(2,637,975)
Cash Flows from Investing Activities	
Interest on investments	1,475,989
Net change in investments	4,719,396
Net cash provided by investing activities	6,195,385
Net Increase in Cash and Cash Equivalents	9,812,458
Cash and Cash Equivalents - Beginning of year	2,968,698
Cash and Cash Equivalents - End of year	**$ 12,781,156**

See notes to Financial Statements.

Owens State Community College

Statement of Cash Flows (Continued)
Year Ended June 30, 2023

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (34,193,874)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,803,609
Loss on sale of capital assets	70,041
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:	
Receivables - Net	(3,553,082)
Prepaid expenses and deferred charges	(754,533)
Net OPEB asset	(425,205)
Deferred outflows of resources	914,361
Accounts payable	2,971,936
Salaries, wages, and benefits payable	(796,072)
Net pension liability	15,329,033
Net OPEB liability	(2,210,169)
Deferred inflows of resources	(17,561,356)
Unearned revenue	1,548,863
Net cash used in operating activities	**$ (32,856,448)**
Noncash capital and related financing activities:	
Purchase of capital assets financed through accounts payable	$ 227,900

See notes to Financial Statements.

Owens State Community College

Statement of Financial Position
Discretely Presented Component Unit – Foundation
June 30, 2023

Assets	
Cash and cash equivalents	$ 350,369
Investments	6,746,076
Pledges receivable	6,000
Total assets	$ 7,102,445
Liabilities and Net Assets	
Liabilities	
Due to Owens State Community College	$ 17,148
Deferred revenue	5,000
Total liabilities	22,148
Net Assets	
Without donor restrictions	1,996,466
With donor restrictions	5,083,831
Total net assets	7,080,297
Total liabilities and net assets	$ 7,102,445

See notes to Financial Statements.

Owens State Community College

Statement of Activities and Change in Net Assets
Discretely Presented Component Unit – Foundation
Year Ended June 30, 2023

Revenue and Support		
Donations received	$	330,693
Investment income:		
Interest and dividend income		114,222
Unrealized gain/(loss) on investments		505,329
Realized gain on investments		133,379
Total revenue and support		1,083,623
Expenses		
Program services:		
Scholarships		275,502
Equipment grants		313,087
Other program services		69,031
Total program services		657,620
Management and general		38,314
Fund-raising		81,331
Total expenses		777,265
Change in Net Assets		306,358
Net Assets - Beginning of year		6,773,939
Net Assets - End of year	**$**	**7,080,297**

See notes to Financial Statements.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Owens State Community College (the "College") was created pursuant to Section 3357 of the Ohio Revised Code. In November 1994, the Ohio Department of Higher Education approved changing the status of the College from a technical college to a community college, pursuant to Section 3358 of the Ohio Revised Code. The College's purpose is to provide instruction in post-secondary education programs to residents of the College's district. Students who satisfactorily complete such programs receive associate degrees or certificates in liberal arts and sciences, technical, or professional fields. The College is a component unit of the State of Ohio and is discretely presented in the State of Ohio's Annual Comprehensive Financial Report.

The College is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore exempt from federal income taxes. Certain activities of the College may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The College is governed by a board of trustees, who is responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The College is currently governed by a nine voting member board of trustees. The trustees are appointed by the governor with the advice and consent of the State Senate for overlapping six-year terms.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the GASB. The College is a public institution engaged in business-type activities. In accordance with GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the College presents a management's discussion and analysis; statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows; and notes to the financial statements.

In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the College's practice to use restricted first.

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

The Foundation is a legally separate, tax-exempt entity that acts primarily as a fundraising organization to supplement the resources available to the College in support of its programs. The Foundation transferred $657,620 during fiscal year 2023 to the College for both restricted and unrestricted purposes in support of its programs.

SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash and money market funds, stated at cost, which approximates fair value. All certificates of deposit are included in investments on the statement of net position.

Investments

Investments include publicly traded securities reported at fair market value as of the end of the fiscal year; any change in the unrealized gain (loss) during the fiscal year is included in investment income in the statement of revenue, expenses, and changes in net position. Fair value is determined by market quotations. Donated investments are recorded at the fair value at the time received.

Accounts Receivable

Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts based on historical analysis.

Capital Assets

Capital assets are stated at cost or acquisition value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Capital assets, with the exception of land and construction in progress, are depreciated on the straight-line method over the following estimated useful lives:

Land Improvements	5 to 40 years
Buildings	40 years
Building Improvements	10 to 40 years
Equipment	3 to 20 years

Assets are capitalized with a cost of $50,000 or greater for buildings, land improvements, building improvements and infrastructure and $5,000 or greater for equipment.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported on the statement of net position for amounts related to pension and OPEB plans as explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources are related to pension and OPEB plans and are reported on the statement of net position (See Notes 8 and 9).

Pensions/Other Postemployment Benefits (OPEB)

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

Unearned Revenue

Unearned revenue includes tuition and fees for summer and fall terms recorded in the current fiscal year but related to the subsequent accounting period, and related expenses are shown as prepaid expenses in the statement of net position and will be recognized in the following year. Additionally, unearned revenue includes amounts received from grant and contract sponsors that have not yet been earned.

Net Position

GASB Statement No. 34, as amended by GASB Statement No. 63, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

Investment in capital assets: Includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets, if any. At June 30, 2023, the College did not have any outstanding capital related debt.

Restricted: Assets subject to externally imposed constraints so that they may be maintained permanently by the College, or net position whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time. Restricted net position is classified further as nonexpendable and expendable. Nonexpendable restricted net position is available for investment purposes only and cannot be expended. Expendable restricted net position is available for expenditure by the College, but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

Unrestricted: Assets available to the College for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties. The College has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and postemployment benefits.

Operating and Nonoperating Revenue (Expenses)

The College's policy for defining operating activities as reported on the statement of revenue, expenses, and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue as defined by GASB Statement No. 34, including State appropriations, investment income and Pell grants. Restricted and unrestricted resources are spent and tracked at the discretion of the College's department within the guidelines of donor restrictions, if any.

Compensated Absences

College employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the statement of net position, and as a component of operating expense in the statement of revenue, expenses, and change in net position.

State Subsidies

The College receives student-based subsidy and other subsidies from the State. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Department of Higher Education.

In addition to subsidies, the State provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the State through issuance of State revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of State-assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the College's statement of net position. State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

Student Tuition and Fees

Student tuition and fee revenue is reported net of scholarship allowances and uncollectible accounts in the statement of revenue, expenses and changes in net position.

Auxiliary Revenue

Auxiliary revenue represents revenue generated from childcare services provided at the Findlay Campus.

Use of Estimates

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

Adoption of New Accounting Pronouncements

For the fiscal year ended June 30, 2023, the College implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement had no effect on beginning net position.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. This statement had no effect on beginning net position.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement had no effect on beginning net position.

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements

The College is currently evaluating the impact that the following GASB Statements, effective for fiscal year 2024, may have on its financial statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB 62*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

NOTE 2 – CASH AND CASH EQUIVALENTS

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the College places deposits must pledge as collateral eligible securities for amounts on deposits not insured by the Federal Depository Insurance Corporation (FDIC). Collateral that may be pledged is limited to obligations of the following entities: the United States and its agencies, the State of Ohio, the Ohio Student Loan Commission and any legally constituted taxing subdivision within the State of Ohio.

Deposits: Custodial credit risk is the risk that in the event of a failure of a depository financial institution to fulfill its obligations, the College will not be able to recover the value of deposits, investments or collateral securities in the possession of an outside party. The College's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2023, the carrying amount of the College's cash and cash equivalents is $12,781,156 and the bank balances were $12,846,524. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the June 30, 2023 bank balances, $250,000 is covered by federal deposit insurance. The remaining balances of cash and cash equivalents are collateralized by the depository institution per Ohio Revised Code 135.182 or by a pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State (OPCS program).

NOTE 3 – INVESTMENTS

The College's investment policies are governed by state statutes that authorize the College to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; commercial paper; and U.S. Government money market funds and repurchase agreements. Such repurchase agreements must be acquired from qualifying Ohio financial institutions, or from registered brokers/dealers.

At June 30, 2023, the College had amounts on deposit with STAR Ohio, with a fair value of $9,687,486. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants.* The College measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

As of June 30, 2023, the College had the following investments and maturities:

			Investment Maturities (in Years)		
	Credit Rating	Measurement Value	Less than 1	1 to 3	3 to 5
Negotiable certificates of deposit	(1)	$ 3,924,499	$ 964,412	$ 2,960,087	$ -
U.S. Treasury/Agency Securities	AA+/Aaa	23,519,793	6,946,880	14,768,893	1,804,020
Commercial paper	A-1/P-1	3,883,640	3,883,640	-	-
Star Ohio	AAAm	9,687,486	9,687,486	-	-
		$ 41,015,418	$ 21,482,418	$ 17,728,980	$ 1,804,020

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

Credit Risk – The College's investments policy requires that they follow the investment guidelines in Section 135 of the Ohio Revised Code. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that commercial paper are limited to notes rated at the time of purchase in the two highest categories established by two nationally recognized standard rating services.

The College's investments in negotiable certificates of deposits are held in the College's name by Trustees and are fully covered by FDIC.

The Foundation holds certain investments for the benefit of the College. Investments valued at market value at the Foundation by major security type at June 30, 2023 are as follows:

Bond mutual funds	$ 196,861
Equity mutual funds	776,752
Common stocks	4,614,483
Corporate bonds	1,157,980
Total	$ 6,746,076

NOTE 4 – FAIR VALUE MEASUREMENT

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2023				
Assets:				
Negotiable certificates of deposit	$ 3,924,499	3,924,499	-	-
U.S. Treasury/Agency Securities	23,519,793	23,519,793	-	-
Commercial paper	3,883,640	3,883,640	-	-

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

NOTE 5 – ACCOUNTS RECEIVABLE

The composition of accounts receivable at June 30, 2023 is summarized as follows:

Student receivables for fees and auxiliary services	$ 9,046,367
Allowance for doubtful accounts	(1,100,954)
Grants - federal, state and local	195,754
Capital appropriations	21,770
Interest receivable	190,659
	$ 8,353,596

NOTE 6 – CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Nondepreciated capital assets:				
Land	$ 9,907,728	-	-	$ 9,907,728
Construction in progress	1,599,735	3,801,230	(1,526,138)	3,874,827
Total nondepreciated capital assets	11,507,463	3,801,230	(1,526,138)	13,782,555
Depreciable capital assets:				
Land improvements	27,686,239	-	(1,761,541)	25,924,698
Buildings and improvements	136,110,465	3,488,739	(1,682,121)	137,917,083
Equipment	31,828,773	684,348	(2,735,658)	29,777,463
Total other capital assets	195,625,477	4,173,087	(6,179,320)	193,619,244
Less: Accumulated Depreciation	(122,336,025)	(5,803,609)	6,101,679	(122,037,955)
Total Depreciable Assets, net	73,289,452	(1,630,522)	(77,641)	71,581,289
Capital Assets, net	$ 84,796,915	2,170,708	(1,603,779)	$ 85,363,844

The College has active construction projects resulting in total commitments to vendors of approximately $1,842,758 at June 30, 2023.

NOTE 7 – NONCURRENT LIABILITIES

Long-term liabilities consist of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amount Due Within One Year	Noncurrent Portion
Compensated absences	$ 1,670,096	$ 249,929	$ 191,364	$ 1,728,661	$ 172,866	$ 1,555,795
Net pension liability	31,779,609	15,329,033	-	47,108,642	-	47,108,642
Net OPEB liability	6,739,467	-	2,210,169	4,529,298	-	4,529,298
	$ 40,189,172	$ 15,578,962	$ 2,401,533	$ 53,366,601	$ 172,866	$ 53,193,735

NOTE 8 – PENSION PLANS

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

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund).

The College's contractually required contribution to SERS was $1,850,076 for fiscal year 2023. Of this amount, $72,805 is reported in salaries, wages and fringe benefits payable for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The College was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $2,234,580 for fiscal year 2023. Of this amount, $86,248 is reported in salaries, wages and fringe benefits payable for fiscal year 2023.

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

The net pension liability measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the projected contributions of all participating entities. The following is information related to the College's proportionate share, pension expense, and deferred inflows and outflows reported for fiscal year 2023:

	SERS	STRS	Total
Proportionate Share of Net Pension Liability	$ 18,416,322	$ 28,692,320	$ 47,108,642
Proportion of Net Pension Liability	0.340489545%	0.129069531%	
Change in Proportion	-0.041418486%	-0.009272808%	
Pension Expense	$ 600,961	$ 1,244,175	$ 1,845,136
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 745,876	$ 367,298	$ 1,113,174
Net difference between projected and actual earnings on pension plan investments	-	998,431	998,431
Change in assumptions	181,717	3,433,608	3,615,325
Difference in employer contributions and proportionate share of contributions	247,988	-	247,988
College contributions subsequent to the measurement date	1,850,076	2,234,580	4,084,656
	$ 3,025,657	$ 7,033,917	$ 10,059,574
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (120,899)	$ (109,757)	$ (230,656)
Net difference between projected and actual earnings on pension plan investments	(642,646)	-	(642,646)
Change in assumptions	-	(2,584,521)	(2,584,521)
Difference in employer contributions and proportionate share of contributions	(1,540,584)	(3,198,018)	(4,738,602)
	$ (2,304,129)	$ (5,892,296)	$ (8,196,425)

$4,084,656 reported as deferred outflows of resources related to pension at June 30, 2023 resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (457,882)	$ (1,220,355)	$ (1,678,237)
2025	(820,605)	(1,344,546)	(2,165,151)
2026	(918,033)	(1,437,925)	(2,355,958)
2027	1,067,972	2,909,867	3,977,839
	$ (1,128,548)	$ (1,092,959)	$ (2,221,507)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
U.S. Equity	24.75	5.37
Non-U.S. Equity Developed	13.50	6.22
Non-U.S. Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 27,107,948	$ 18,416,322	$ 11,093,747

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

** Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 43,343,649	$ 28,692,320	$ 16,301,830

Alternative Retirement Plan

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

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10 percent STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 4.47 percent. The employer contribution is the lower of a rate determined by an independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting.

The ARP is a defined contribution plan under IRS Section 401(a). The College's total employer contributions to the ARP for the year ended June 30, 2023, were $222,929.

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the College's surcharge obligation was $81,517.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability (asset) was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The following is information related to the College's proportionate share, OPEB expense, and deferred inflows and outflows reported for fiscal year 2023:

	SERS	STRS	Total
Proportionate Share of Net OPEB Liability (Asset)	$ 4,529,298	$ (3,342,041)	$ 1,187,257
Proportion of Net OPEB Liability (Asset)	0.322597136%	0.129069531%	
Change in Proportion	-0.033501937%	-0.009272808%	
OPEB Expense (Negative)	$ (654,059)	$ (978,240)	$ (1,632,299)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 38,076	$ 48,448	$ 86,524
Net difference between projected and actual earnings on OPEB plan investments	23,541	58,177	81,718
Change in assumptions	720,443	142,360	862,803
Difference between employer contributions and proportionate share of contributions	199,518	7,272	206,790
College contributions subsequent to the measurement date	81,517	-	81,517
	$ 1,063,095	$ 256,257	$ 1,319,352
Deferred Inflows of Resources			
Differences between expected and actual experience	$ (2,897,272)	$ (501,911)	$ (3,399,183)
Change in assumptions	(1,859,310)	(2,369,828)	(4,229,138)
Difference between employer contributions and proportionate share of contributions	(1,396,975)	(504,278)	(1,901,253)
	$ (6,153,557)	$ (3,376,017)	$ (9,529,574)

$81,517 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (1,255,597)	$ (1,142,510)	$ (2,398,107)
2025	(1,117,289)	(875,104)	(1,992,393)
2026	(903,077)	(362,124)	(1,265,201)
2027	(608,402)	(151,895)	(760,297)
2028	(459,662)	(194,623)	(654,285)
2029	(827,952)	(393,504)	(1,221,456)
	$ (5,171,979)	$ (3,119,760)	$ (8,291,739)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Investment Rate of Return	7.00% net of investment expense, including inflation
Wage Inflation	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%
Municipal Bond Index Rate:	
Current measurement period	3.69%
Prior measurement period	1.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Current measurement period	4.08%
Prior measurement period	2.27%
Medical Trend Assumption:	7.00% - 4.40%

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
U.S. Equity	24.75	5.37
Non-U.S. Equity Developed	13.50	6.22
Non-U.S. Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for fiscal year 2023, calculated using the discount rate of 4.08%, as well as what the College’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate used:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
College's proportionate share of the net OPEB liability	$ 5,625,456	$ 4,529,298	$ 3,644,400

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates used:

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
College's proportionate share of the net OPEB liability	$ 3,492,901	$ 4,529,298	$ 5,882,999

Actuarial Assumptions – STRS

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

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.00%	
Investment rate of return	7.00%, net of investment expenses, including inflation	
Discount rate of return	7.00%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-68.78%	3.94%
Prescription Drug		
Pre-Medicare	9.00%	3.94%
Medicare	-5.47%	3.94%

Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Additionally, healthcare trends were updated to reflect emerging claims and recoveries experience.

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

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

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

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

** Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate – The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	$ 3,089,628	$ 3,342,041	$ 3,558,252

	1% Decrease In Trend Rates	Current Trend Rate	1% Increase In Trend Rates
College's proportionate share of the net OPEB asset	$ 3,466,508	$ 3,342,041	$ 3,184,929

NOTE 10 - RELATED ORGANIZATION

The College is affiliated with the Owens State Community College Foundation (the "Foundation"), which was established in June 1996 by the trustees of the College through signing a resolution that transferred all assets, liabilities, principal, and income from the Michael J. Owens Technical College Charitable Trust (the "Trust") to the Foundation. The Foundation has been determined to be exempt from federal income taxes under IRC Section 501(c)(3). The Foundation also reimburses the College for certain educational expenses.

Total assets of the Foundation as of June 30, 2023 were $7,102,445. The College received $657,620 from the Foundation in 2023. At June 30, 2023, the net amount owed to the College for reimbursements by the Foundation was $17,148. Complete financial statements for the Foundation can be obtained from Owens State Community College, 30335 Oregon Road, Perrysburg, OH 43551.

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

<u>Investments:</u> The following table presents information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

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

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

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

Disclosures concerning assets measured at fair value are as follows:

Fair Value Measurements at June 30, 2023

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Mutual funds:				
Equity investments	$ 776,752	$ -	$ -	$ 776,752
Fixed-income investments	196,861	-	-	196,861
Total mutual funds	973,613	-	-	973,613
Common Stock:				
Consumer discretionary	787,878	-	-	787,878
Consumer staples	393,514	-	-	393,514
Energy/Utilities	493,108	-	-	493,108
Financial	366,671	-	-	366,671
Health care	370,794	-	-	370,794
Industrials	360,773	-	-	360,773
Materials	66,911	-	-	66,911
Technology	1,717,607	-	-	1,717,607
Telecommunication services	57,227	-	-	57,227
Total common stock	4,614,483	-	-	4,614,483
Corporate Bonds	-	1,157,980	-	1,157,980
Money market mutual funds	266,260	-	-	266,260

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position:

Mutual funds: Valued at the daily net asset value (NAV) published by the U.S. Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Restrictions and Limitations on Net Asset Balances: The Foundation's net assets with donor restrictions are restricted for the following purposes at June 30, 2023:

Subject to expenditures for a specific time or purpose:	
Library	$ 6,469
Equipment and other program expenses	688,941
Scholarships	1,517,259
Funds restricted for a specific time or purpose	2,212,669
Other funds restricted by donor in perpetuity:	
Equipment and other program expenses	469,990
Scholarships	2,401,172
Funds restricted in perpetuity	2,871,162
Net assets with donor restrictions	$ 5,083,831

Net assets held in perpetuity consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships. These expenses are reflected in the appropriate program services category on the statement of activities and changes in net assets.

For fiscal year 2023, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors were as follows:

Library	$ 1,281
Equipment and other program expenses	389,203
Scholarships	281,786
Total	$ 672,270

Donor and Board-Restricted Endowments:

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation and depreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles (GAAP), deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions and continued appropriation for certain programs that was deemed prudent by the Foundation's Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

At June 30, 2023, funds with deficiencies are as follows:

Fair value of underwater endowment assets	$ 27,714
Original endowment gift amounts	28,500
Endowment gifts in excess of endowment assets	$ (786)

Endowment Net Asset Composition by Type of Fund as of June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment	$ -	$ 4,408,815	$ 4,408,815
(Quasi) Endowment	34,547	-	34,547
Total funds	$ 34,547	$ 4,408,815	$ 4,443,362

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets -			
Beginning of the year	$ 30,779	$ 4,034,465	$ 4,065,244
Investment return:			
Investment income, net	537	68,244	68,781
Net appreciation	3,231	415,818	419,049
Total investment return	3,768	484,062	487,830
Contributions	-	90,628	90,628
Appropriation of endowment assets for expenditures	-	(165,898)	(165,898)
Other changes -			
Release to other temporarily restricted funds	-	(34,442)	(34,442)
Endowment net assets -			
End of the year	$ 34,547	$ 4,408,815	$ 4,443,362

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (unrealized) and current yield (interest, dividends and realized gains (losses)). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation’s spending policy stipulates that 5 to 6 percent of a three-year moving average of the value of the endowment is available to spend and the remaining income is to be reinvested. If an investment loss is realized, the loss is allocated entirely as currently expendable. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of CPI annually. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 – RISK MANAGEMENT

The College carries commercial insurance to cover various general liability risks, auto liability, property and boiler, and umbrella excess liability. The College believes in minimizing its risks through the procurement of the aforementioned coverage. Liabilities exceeding the umbrella excess and deductible amounts are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The amount of settlements has not exceeded insurance coverage for the year ended June 30, 2023. Management believes those incurred but not reported claims, if any, are immaterial.

The College is self-insured for certain employee health benefit programs. Funding for these programs is based on actuarial projections provided by the plan administrators. The College also offers a high deductible health savings account option for its employees. Prevention of catastrophic losses is maintained through individual stop-loss coverage. Stop loss per individual is $225,000. The College's cost during the year for this program is for the payment of claims, third-party claims administration, and stop-loss coverage. The claims liability of $1,030,436 reported at June 30, 2023. The amount of designated funds available for potentials claims was $550,000 for the year.

Changes in claims activity for the past two fiscal years are as follows:

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2023	$ 1,742,137	$ 6,099,723	$ 6,811,424	$ 1,030,436
2022	1,310,279	7,517,525	7,085,667	1,742,137

There have been no significant changes in coverage from last year. Settled claims have not exceeded commercial coverage in any of the past three years.

The College is self-insured for workers' compensation with aggregate stop-loss coverage of $400,000. The amount accrued at June 30, 2023 for potential claims was $100,000.

NOTE 12 – CONTINGENT LIABILITIES

During the normal course of operations, the College has become a defendant in various legal actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and College management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the College.

NOTE 13 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses by functional classification for the year ended June 30, 2023 is summarized as follows:

Instructional and departmental research	$ 27,427,970
Institutional research	245,868
Public Service	1,941,032
Academic support	2,776,175
Student services	6,283,914
Institutional support	11,993,639
Operation and maintenance of plant	6,342,475
Scholarships and other student aid	1,292,075
Depreciation	5,803,609
Auxiliary enterprises – Net of scholarship allowances	579,101
Total operating expenses	$ 64,685,858

NOTE 14 – SUBSEQUENT EVENT

In September of 2023, the College issued General Receipts Bonds, Series 2023 in the amount of $25,000,000 to pay for construction costs related to the School of Nursing and Health Professions project consisting of renovating, equipping and furnishing the building to house the College's Health Programs.

Required Supplementary Information

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

Measurement Date Fiscal Year (1)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.569094%	$ 33,842,194	$ 22,076,595	153.29%	65.52%
2015	0.569094%	28,801,523	17,898,477	160.92%	71.70%
2016	0.502899%	28,695,893	16,563,087	173.25%	69.16%
2017	0.426594%	31,222,758	13,864,914	225.19%	62.98%
2018	0.410103%	24,502,724	13,210,929	185.47%	69.50%
2019	0.362091%	20,737,608	12,243,259	169.38%	71.36%
2020	0.361495%	21,628,862	12,456,333	173.64%	70.85%
2021	0.363178%	24,021,383	12,748,747	188.42%	68.55%
2022	0.381908%	14,091,299	12,688,593	111.05%	82.86%
2023	0.340490%	18,416,322	12,719,214	144.79%	75.82%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 2,391,988	$ (2,391,988)	$ -	$ 17,898,477	13.36%
2015	2,200,311	(2,200,311)	-	16,563,087	13.28%
2016	1,941,088	(1,941,088)	-	13,864,914	14.00%
2017	1,849,530	(1,849,530)	-	13,210,929	14.00%
2018	1,652,840	(1,652,840)	-	12,243,259	13.50%
2019	1,681,605	(1,681,605)	-	12,456,333	13.50%
2020	1,784,819	(1,784,819)	-	12,748,747	14.00%
2021	1,776,403	(1,776,403)	-	12,688,593	14.00%
2022	1,780,690	(1,780,690)	-	12,719,214	14.00%
2023	1,850,076	(1,850,076)	-	13,214,829	14.00%

Owens State Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net Pension Liability
and College Pension Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.257186%	$ 74,517,061	$ 31,689,425	235.15%	69.30%
2015	0.257186%	62,556,640	27,092,103	230.90%	74.71%
2016	0.232941%	64,378,084	25,037,916	257.12%	72.09%
2017	0.210716%	70,532,943	22,869,886	308.41%	66.78%
2018	0.177243%	42,104,405	18,535,050	227.16%	75.29%
2019	0.157826%	34,702,351	17,038,714	203.67%	77.31%
2020	0.156871%	34,691,076	18,110,493	191.55%	77.40%
2021	0.142452%	34,468,200	17,022,800	202.48%	75.48%
2022	0.138342%	17,688,310	16,920,493	104.54%	87.78%
2023	0.129070%	28,692,320	16,619,886	172.64%	78.88%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 3,693,965	$ (3,693,965)	$ -	$ 27,092,103	13.63%
2015	3,425,522	(3,425,522)	-	25,037,916	13.68%
2016	3,201,784	(3,201,784)	-	22,869,886	14.00%
2017	2,594,907	(2,594,907)	-	18,535,050	14.00%
2018	2,385,420	(2,385,420)	-	17,038,714	14.00%
2019	2,535,469	(2,535,469)	-	18,110,493	14.00%
2020	2,383,192	(2,383,192)	-	17,022,800	14.00%
2021	2,368,869	(2,368,869)	-	16,920,493	14.00%
2022	2,326,784	(2,326,784)	-	16,619,886	14.00%
2023	2,234,580	(2,234,580)	-	15,961,286	14.00%

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

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability	College's Proportionate Share of the Net OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.403121%	$ 11,490,432	$ 13,864,914	82.87%	11.49%
2018	0.386167%	10,363,696	13,210,929	78.45%	12.46%
2019	0.340952%	9,458,925	12,243,259	77.26%	13.57%
2020	0.337936%	8,498,377	12,456,333	68.23%	15.57%
2021	0.341550%	7,423,009	12,748,747	58.23%	18.17%
2022	0.356099%	6,739,467	12,688,593	53.11%	24.08%
2023	0.322597%	4,529,298	12,719,214	35.61%	30.34%

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 78,754	$ (78,754)	$ -	$ 13,864,914	0.57%
2017	71,738	(71,738)	-	13,210,929	0.54%
2018	128,214	(128,214)	-	12,243,259	1.05%
2019	116,117	(116,117)	-	12,456,333	0.93%
2020	52,368	(52,368)	-	12,748,747	0.41%
2021	54,701	(54,701)	-	12,688,593	0.43%
2022	79,961	(79,961)	-	12,719,214	0.63%
2023	81,517	(81,517)	-	13,214,829	0.62%

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

(4) Includes Surcharge.

Owens State Community College
Required Supplementary Information
Schedules of College's Proportionate Share of the Net OPEB Liability (Asset)
and College OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	College's Proportion of the Net OPEB Liability (Asset)	College's Proportionate Share of the Net OPEB Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.210716%	$ 11,269,138	$ 22,869,886	49.28%	37.33%
2018	0.177243%	6,915,360	18,535,050	37.31%	47.11%
2019	0.157826%	(2,536,100)	17,038,714	(14.88%)	176.00%
2020	0.156871%	(2,598,160)	18,110,493	(14.35%)	174.74%
2021	0.142452%	(2,503,583)	17,022,800	(14.71%)	182.13%
2022	0.138342%	(2,916,836)	16,920,493	(17.24%)	174.73%
2023	0.129070%	(3,342,041)	16,619,886	(20.11%)	230.73%

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 22,869,886	0.00%
2017	-	-	-	18,535,050	0.00%
2018	-	-	-	17,038,714	0.00%
2019	-	-	-	18,110,493	0.00%
2020	-	-	-	17,022,800	0.00%
2021	-	-	-	16,920,493	0.00%
2022	-	-	-	16,619,886	0.00%
2023	-	-	-	15,961,286	0.00%

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

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

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

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

Changes of Assumptions

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

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

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

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

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

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Notes to Pension Information

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

Notes to OPEB Information

Changes of Benefit Terms

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

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

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

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

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

For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

<u>Changes of Assumptions</u>

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.

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

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

Supplemental Information

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

Board of Trustees
Owens State Community College
Perrysburg, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Owens State Community College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 9, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

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

Board of Trustees
Owens State Community College
Perrysburg, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Owens State Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 9, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant or Pass Through Number	Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grant	84.007	(1)	$ 261,722
Federal Work-Study Program	84.033	(1)	70,837
Federal Pell Grant Program	84.063	(1)	7,586,363
Federal Direct Student Loans	84.268	(1)	12,996,585
Total Student Financial Assistance Cluster			20,915,507
TRIO Cluster:			
TRIO - Student Support Services	84.042A	(1)	236,953
TRIO - Upward Bound	84.047V	(1)	89,968
TRIO - Educational Opportunities Centers	84.066A	(1)	259,311
Total TRIO Cluster			586,232
Passed through the Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	VECPIII-P01	211,345
Passed through the Ohio Department of Higher Education			
Adult Education - Basic Grants to States	84.002A	074864-AB-S1-2018	637,785
Passed through the University of Toledo			
Tech-Prep Education	84.243	N/A	2,205
Total U.S. Department of Education			22,353,074
U.S. Department of Labor			
Employment and Training Administration			
Passed through Northwest State Community College (NSCC)			
H-1B Job Training Grants	17.268	HG-33034-19-60-A-39	800
Total U.S. Department of Labor			800
National Science Foundation			
Passed through the Bowling Green State University			
STEM Education - SEA Change: Using Social Connectivity to Improve Quantitative Literacy	47.076	DUE 152623	43,306
Total National Science Foundation			43,306
U.S. Environmental Protection Agency			
Passed through the Toledo Metropolitan Area Council of Governments (TMACOG)			
Innovative Water Infrastructure Workforce Development Program (SDWA 1459E)	66.445	84034601	10,661
Total U.S. Environmental Protection Agency			10,661
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 22,407,841

(1) - Direct Award

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

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Owens State Community College under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the cost principles contained Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Because the Schedule presents only a selected portion of the operations of Owens State Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows, if applicable, of Owens State Community College. Pass-through entity identifying numbers are presented where available. In addition, the College did not pass-through any federal awards to subrecipients during the year ended June 30, 2023.

NOTE 2 – FEDERAL WORK-STUDY AND FEDERAL SEOG WAIVER

For the year ended June 30, 2023, the College received a waiver from the Department of Education for the Institutional Share Requirement under the Federal Work-study and Federal Supplemental Educational Opportunity Grant programs.

NOTE 3 – LOAN PROGRAMS

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

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major program:

Student Financial Assistance Cluster:
ALN 84.007 – Federal Supplemental Educational Opportunity Grants
ALN 84.033 – Federal Work-Study Program
ALN 84.063 – Federal Pell Grant Program
ALN 84.268 – Federal Direct Student Loans

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

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

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OHIO AUDITOR OF STATE
KEITH FABER

OWENS STATE COMMUNITY COLLEGE

WOOD 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 11/16/2023

88 East Broad 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